

Nigeria Sovereign Investment Authority

Consolidated and Separate Financial Statements

for the year ended 31 December 2019

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General Information

Board of Directors

Mr Olajide Zeitlin

CHAIRMAN

Mr. Uche Orji

MANAGING DIRECTOR

Mrs. Stella Ojekwe-Onyejeli

EXECUTIVE DIRECTOR***

Mr. Aminu Umar-Sadiq

EXECUTIVE DIRECTOR**

Ms. Halima Buba

NON-EXECUTIVE DIRECTOR**

Mr. Urum Kalu Eke, *MFR*

NON-EXECUTIVE DIRECTOR

Mr. Asue Ighodalo

NON-EXECUTIVE DIRECTOR

Mr. Bello Maccido

NON-EXECUTIVE DIRECTOR

Ms. Lois Laraba Machunga-Disu

NON-EXECUTIVE DIRECTOR

Registered Office

The Clan Place
4th Floor, Plot 1386A Tigris Crescent
Maitama
Abuja

Auditor

PricewaterhouseCoopers

Landmark Towers
5B Water Corporation Road
Victoria Island
Lagos

Secretary to the Authority

Mrs. Ezinwa Okoroafor

Fund Custodians

JP Morgan Chase & Co

(Global Custodian)
25 Bank Street
Canary Wharf
London, E14 5JP, United Kingdom

Stanbic IBTC Bank Limited

(Local Custodian)
IBTC Place
2, Walter Carrington Crescent
Victoria Island
Lagos, Nigeria

**Was announced Executive Director 13 March 2019, effective 21 February 2019

***Was announced Executive Director 13 March 2019, effective 17 October 2017

Directors' Report

1 Financial statements

The directors of the Authority present their yearly report on the affairs of Nigeria Sovereign Investment Authority ('the Authority' or 'NSIA'), together with the financial statements of the Authority and the subsidiaries (known as "the Group") and independent auditor's report for the year ended 31 December 2019.

2 Principal activities

The Authority was established by the Nigeria Sovereign Investment Authority (Establishment etc.) Act, 2011 to manage excess funds from the country's sale of crude oil. This is performed through three (3) funds; Stabilisation Fund (SF), Nigeria Infrastructure Fund (NIF) and the Future Generation Fund (FGF). The Authority commenced operations in October 2012.

There have been no material changes to the nature of the Group's business from the prior year.

3 Operating results

The following is a summary of the Group and Authority's operating results for the year:

	Group 31 December 2019 N'000	Authority 31 December 2019 N'000	Group 31 December 2018 N'000	Authority 31 December 2018 N'000
Interest and investment income	34,788,892	33,912,837	27,822,953	25,696,317
Net gain on financial assets	2,831,932	3,595,984	245,960	884,039
Net foreign exchange gain	1,289,159	1,288,894	18,052,191	18,901,727
Investment management and custodian fees	(1,429,528)	(942,293)	(1,022,393)	(866,720)
Write back/(Impairment charge) on financial assets	1,208,237	(965,076)	(943,923)	(321,761)
Loss from infrastructure subsidiaries investments	(3,696,556)	-	(3,204,887)	-
Other income	7,123,910	946,600	11,405,258	1,025,390
Operating and administrative expenses	(4,263,302)	(3,769,396)	(3,762,225)	(3,282,523)
Interest expense	(4,546,556)	(7,526)	(2,617,160)	-
Share of profit of investments accounted for using the equity method	1,363,940	-	209,300	-
Profit before taxation	34,670,128	34,060,024	46,185,074	42,036,469
Total comprehensive income for the year	36,148,040	35,245,451	44,337,108	41,827,853

4 Objective

NSIA is an autonomous entity established under the laws of the Federal Republic of Nigeria with broad mandates to:

- enhance the development of Nigerian infrastructure
- provide stabilisation support in times of economic stress, and
- carry out such other activities as may be related to the above objects.

Directors' Report cont'd

5 Governance and management

The Act establishes a Governing Council (the Council) for the Authority. The Council comprises the following:

- a. The President of Nigeria (who may be represented by the Vice-President);
- b. Governors of Nigeria's thirty-six states; and
- c. Eighteen other appointees, including:
 - i. Attorney-General of the Federation;
 - ii. Minister of Finance;
 - iii. Minister in charge of the National Planning Commission.

6 Employee health, safety and environment

The Authority enforces strict health and safety rules and practices in the work environment, which are reviewed and tested regularly. The Authority provides medical insurance for its employees through designated hospitals and clinics. Fire prevention and fire-fighting equipment are installed at strategic locations within the Authority's premises.



Mrs. Ezinwa Okoroafor

General Counsel

FRCN/2016/NBA/00000015045

Statement of Directors' Responsibilities

In relation to the consolidated and separate financial statements for the year ended 31 December 2019:

The Nigeria Sovereign Investment Authority Act requires the preparation of consolidated and separate financial statements for each financial year that give a true and fair view of the state of financial affairs of the Authority and the Group at the end of the year and of its profit or loss. The responsibility includes:

- a. ensuring that the Authority and the Group keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority and the Group and comply with the requirements of the Nigeria Sovereign Investment Authority Act;
- b. designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and
- c. preparing the Authority and the Group's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The directors accept responsibilities for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Nigeria Sovereign Investment Authority Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and the Group and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Authority will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the board of directors by:



Mr Olajide Zeitlin
Chairman
FRC/2018/IODN/00000018084



Mr. Uche Orji
Managing Director
FRC/2014/IODN/00000007036



Independent auditor's report

To the Members of Nigeria Sovereign Investment Authority

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Nigeria Sovereign Investment Authority ("the Authority") and its subsidiaries (together "the Group") as at 31 December 2019, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Nigeria Sovereign Investment Authority Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Nigeria Sovereign Investment Authority's consolidated and separate financial statements comprise:

- the consolidated and separate statements of comprehensive income for the year ended 31 December 2019;
- the consolidated and separate statements of financial position as at 31 December 2019;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the General Information, Directors' Report, Statement of Directors' Responsibilities, Value Added Statement and Five-Year Financial Summary, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Nigeria Sovereign Investment Authority Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial



statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Patrick Obianwa

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Patrick Obianwa
FRC/2013/ICAN/00000000880



25 June 2020

Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

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Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2019

		Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
	Notes				
Interest income	9	27,024,376	23,818,216	26,163,702	23,512,933
Investment income	10	479,886	3,208,212	464,505	1,386,859
Interest income on financial assets at FVTPL	11	7,284,630	796,525	7,284,630	796,525
Net gain on financial assets	12	2,831,932	245,960	3,595,984	884,039
Net foreign exchange gain	13	1,289,159	18,052,191	1,288,894	18,901,727
Total operating income		38,909,983	46,121,104	38,797,715	45,482,083
Investment management fees		(1,228,662)	(887,151)	(745,501)	(731,478)
Local custodian fees		(19,711)	(45,613)	(19,181)	(45,613)
Global custodian fees		(181,155)	(89,629)	(177,611)	(89,629)
Total investment management and custodian fees		(1,429,528)	(1,022,393)	(942,293)	(866,720)
Write back/(Impairment charge) on financial assets	14	1,208,237	(943,923)	(965,076)	(321,761)
Total operating profit		38,688,692	44,154,788	36,890,346	44,293,602
Revenue from infrastructure subsidiaries investments	15	31,965,979	27,403,230	-	-
Expense from infrastructure subsidiaries investments	16	(35,662,535)	(30,608,117)	-	-
Loss from infrastructure subsidiaries investments		(3,696,556)	(3,204,887)	-	-
Other income	17	7,123,910	11,405,258	946,600	1,025,390
Operating and administrative expenses	18	(4,263,302)	(3,762,225)	(3,769,396)	(3,282,523)
Interest expense	19	(4,546,556)	(2,617,160)	(7,526)	-
Share of profit of investments accounted for using the equity method	25	1,363,940	209,300	-	-
Profit before taxation		34,670,128	46,185,074	34,060,024	42,036,469
Taxation	29.4	(202,364)	(219,461)	-	-
Profit for the year from continuing operations		34,467,764	45,965,613	34,060,024	42,036,469
Profit from discontinued operations	32.1	-	538,816	-	-
Profit for the year		34,467,764	46,504,429	34,060,024	42,036,469
Other comprehensive income:					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Net change in fair value of financial assets at FVOCI		1,185,427	490,298	1,185,427	(208,616)
Share of other comprehensive income of associates and joint venture		215,092	59,960	-	-
Exchange differences on translating foreign operations		(474,243)	(2,418,579)	-	-
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		754,000	(299,000)	-	-
Net other comprehensive loss		1,680,276	(2,167,321)	1,185,427	(208,616)
Total comprehensive income for the year		36,148,040	44,337,108	35,245,451	41,827,853
Profit attributable to:					
Owners of NSIA		34,476,485	46,503,536	34,060,024	42,036,469
Non-controlling interest		(8,721)	893	-	-
		34,467,764	46,504,429	34,060,024	42,036,469
Total comprehensive income attributable to:					
Owners of NSIA		36,148,040	44,336,015	35,245,451	41,827,853
Non-controlling interest		-	1,093	-	-
		36,148,040	44,337,108	35,245,451	41,827,853

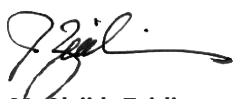
The accompanying notes on pages 12 to 90 form an integral part of these consolidated and separate financial statements.

Statement of Financial Position

AS AT 31 DECEMBER 2019

		Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
	Notes				
Assets					
Cash and cash equivalents	20	216,047,631	73,844,290	185,736,007	61,777,335
Investment securities	21	360,087,275	461,391,586	324,361,629	441,635,909
Restricted balances and other assets	22	51,019,551	46,499,369	75,878,818	36,082,678
Inventories	23	4,615,646	20,685,075	-	-
Investment in subsidiaries	24	-	-	1,753,398	5,116,826
Investments accounted for using the equity method	25	15,226,911	13,647,879	10,614,990	10,614,990
Right of use asset	26	249,905	-	43,488	-
Property and equipment	27	2,498,894	1,617,016	370,522	272,950
Intangible assets	28	100,235	12,893	100,235	12,893
Total assets		649,846,048	617,698,108	598,859,087	555,513,581
Liabilities					
Other liabilities	29	47,177,240	48,258,049	27,015,570	18,915,515
Borrowings	30	23,133,382	26,052,673	-	-
Total liabilities		70,310,622	74,310,722	27,015,570	18,915,515
Equity					
Equity attributable to equity holders of parent					
Contribution by Government		280,662,500	280,662,500	280,662,500	280,662,500
Retained earnings	31.1	291,026,827	256,550,342	287,750,520	253,690,496
Fair value reserve	31.2	3,941,139	1,786,620	3,430,497	2,245,070
Foreign currency translation reserve	31.3	3,907,858	4,382,101	-	-
		579,538,324	543,381,563	571,843,517	536,598,066
Non-controlling interest	31.4	(2,898)	5,823	-	-
		579,535,426	543,387,386	571,843,517	536,598,066
Total equity and liabilities		649,846,048	617,698,108	598,859,087	555,513,581

Signed on behalf of the Board of Directors on 6 June 2020 by:



Mr Olajide Zeitlin
Chairman
FRC/2018/IODN/00000018084



Mr Uche Orji
Managing Director
FRC/2014/IODN/00000007036

Additionally certified by:



Mrs Olubisi Makoju
Financial Controller
FRC/2014/ICAN/00000005765

The accompanying notes on pages 12 to 90 form an integral part of these consolidated and separate financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2019

Group

	Contribution by Government	Foreign currency translation reserve	Fair value reserve	Retained earnings	Non- controlling interest	Total equity
	N '000	N '000	N '000	N '000	N '000	N '000
Balance at 1 January 2018	280,662,500	6,801,726	43,190,981	170,402,086	4,730	501,062,023
Changes on initial application of IFRS 9	-	-	-	(2,011,745)	-	(2,011,745)
Restated balance as at 1 January 2018	280,662,500	6,801,726	43,190,981	168,390,341	4,730	499,050,278
Profit for the year	-	-	-	46,503,536	893	46,504,429
Currency translation differences	-	(2,419,625)	-	-	1,046	(2,418,579)
Net change in fair value of financial assets FVTOCI	-	-	192,144	-	(846)	191,298
Reclassification from fair value reserves as a result of adoption of IFRS 9	-	-	(41,656,465)	41,656,465	-	-
Share of other comprehensive income of associates and joint venture	-	-	59,960	-	-	59,960
Total other comprehensive income for the year	-	(2,419,625)	(41,404,361)	41,656,465	200	(2,167,321)
Total comprehensive income for the year	-	(2,419,625)	(41,404,361)	88,160,001	1,093	44,337,108
Balance at 31 December 2018	280,662,500	4,382,101	1,786,620	256,550,342	5,823	543,387,386

	Contribution by Government	Foreign currency translation reserve	Fair value reserve	Retained earnings	Non- controlling interest	Total equity
Group						
Balance at 1 January 2019	280,662,500	4,382,101	1,786,620	256,550,342	5,823	543,387,386
Profit for the year	-	-	-	34,476,485	(8,721)	34,467,764
Currency translation differences	-	(474,243)	-	-	-	(474,243)
Net change in fair value of financial assets FVTOCI	-	-	1,939,427	-	-	1,939,427
Share of other comprehensive income of associates	-	-	215,092	-	-	215,092
Total other comprehensive income for the year	-	(474,243)	2,154,519	-	-	1,680,276
Total comprehensive income for the year	-	(474,243)	2,154,519	34,476,485	(8,721)	36,148,040
Balance at 31 December 2019	280,662,500	3,907,858	3,941,139	291,026,827	(2,898)	579,535,426

The accompanying notes on pages 12 to 90 form an integral part of these consolidated and separate financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2019

Authority

	Contribution by Government N '000	Fair value reserve N '000	Retained earnings N '000	Total equity N '000
Balance at 1 January 2018	280,662,500	43,497,310	170,859,498	495,019,308
Changes on initial application of IFRS 9	-	-	(249,094)	(249,094)
	280,662,500	43,497,310	170,610,404	494,770,214
Profit for the year	-	-	42,036,469	42,036,469
Net change in fair value of financial assets at FVOCI	-	(208,617)	-	(208,617)
Reclassification from fair value reserves as a result of adoption of IFRS 9	-	(41,043,623)	41,043,623	-
Total other comprehensive income for the year	-	(41,252,240)	41,043,623	(208,617)
Total comprehensive income for the year	-	(41,252,240)	83,080,092	41,827,852
Balance at 31 December 2018	280,662,500	2,245,070	253,690,496	536,598,066

Authority

	Contribution by Government N '000	Fair value reserve N '000	Retained earnings N '000	Total equity N '000
Balance at 1 January 2019	280,662,500	2,245,070	253,690,496	536,598,066
Profit for the year	-	-	34,060,024	34,060,024
Net change in fair value of financial assets at FVOCI	-	1,185,427	-	1,185,427
Total other comprehensive income for the year	-	1,185,427	-	1,185,427
Total comprehensive income for the year	-	1,185,427	34,060,024	35,245,451
Balance at 31 December 2019	280,662,500	3,430,497	287,750,520	571,843,517

The accompanying notes on pages 12 to 90 form an integral part of these consolidated and separate financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2019

		Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Notes					
Cash flow from operating activities					
	Profit before income tax from continuing operations	34,670,128	46,185,074	34,060,024	42,036,469
Adjustments to reconcile profit before tax to net cash flow from operating activities:					
	Depreciation charge for the year	18 170,905	57,818	159,865	57,818
	Amortisation of intangible assets	18 1,636	63	1,636	63
	Interest income	(14,955,525)	(8,063,119)	(14,094,851)	(7,757,836)
	Investment income	(772,941)	(3,564,275)	(757,560)	(1,742,922)
	Interest income on bills	(19,060,426)	(16,195,559)	(19,060,426)	(16,195,559)
	Unrealised gain on financial instruments at FVTPL	(2,947,559)	1,876,611	(3,711,611)	732,113
	Subsidy from Federal Government of Nigeria on cost differential on fertilizer sales	(3,553,735)	(8,600,000)	-	-
	Impairment (write-back)/charge	14 (1,208,237)	943,923	965,076	321,761
	Interest expense	4,546,556	2,617,160	7,526	-
	Share of profit from associate and joint venture	25 (1,363,940)	(209,300)	-	-
Movements in operating assets/ liabilities:					
	Inventories	23 16,069,429	(6,887,479)	-	-
	Restricted balances and other assets	22 (4,520,182)	2,634,989	(39,796,140)	36,227,414
	Other liabilities	29 (1,080,809)	(18,972,124)	8,100,055	(11,031,051)
	Cash (used in)/generated from operations	5,995,300	(8,176,218)	(34,126,406)	42,648,270
	Tax paid	29.4 (439,972)	(113,630)	-	-
	Net cash generated from/(used) in operating activities	5,555,328	(8,289,848)	(34,126,406)	42,648,270
Cash flows from investing activities					
	Purchase of property and equipment	27 (998,348)	(1,626,239)	(213,949)	(282,265)
	Purchase of other intangible assets	28 (88,978)	(12,893)	(88,978)	(12,893)
	Disposal of intangible assets	28 -	(1,138)	-	-
	Proceeds from sale of equity instruments at fair value	5,653,915	191,611,360	5,440,081	171,422,900
	Investment in financial assets carried at FVTPL	(72,430,295)	(195,608,028)	(68,168,062)	(195,608,028)
	Purchases of open market operation and treasury bills	(195,141,916)	(162,374,236)	(176,107,129)	162,374,236
	Maturity of open market operation bills	289,717,703	163,937,019	289,717,703	163,937,019
	Investment and interest income received	117,450,114	30,461,975	107,561,537	29,227,380
	Disposal of subsidiaries	24.2 -	10,968,829	-	10,968,829
	Investments in joint ventures/associates	25 -	(10,925,239)	-	(9,014,500)
	Net cash generated from investing activities	144,162,195	26,431,410	158,141,203	8,264,206
Cash flows from financing activities					
	Payment of principal portion of lease liabilities	26 (48,000)	-	(48,000)	-
	Acquisition of non-controlling interest in KG Brussels	(8,125)	-	(8,125)	-
	Proceeds from borrowings	30 -	30,000,000	-	-
	Repayment of borrowings	(5,500,000)	-	-	-
	Interest expense	(1,958,057)	(153,493)	-	-
	Net cash generated from/(used) in financing activities	(7,514,182)	29,846,507	(56,125)	-
	Net cash movement for the year	142,203,341	47,988,069	123,958,672	50,912,476
	Cash and cash equivalents at beginning of year	20 73,844,290	22,336,959	61,777,335	8,545,297
	Net exchange gains/(losses) on cash and cash equivalents	-	3,519,262	-	2,319,562
	Cash and cash equivalents at year end	216,047,631	73,844,290	185,736,007	61,777,335
Cash and cash equivalents comprise:					
	Cash in hand	20 2,944	133	2,944	133
	Bank balances	20 138,865,158	43,908,683	108,553,534	29,531,728
	Money market placements	20 77,179,529	29,935,474	77,179,529	32,245,474
	Total cash and cash equivalents	216,047,631	73,844,290	185,736,007	61,777,335

The accompanying notes on pages 12 to 90 form an integral part of these consolidated and separate financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

Nigeria Sovereign Investment Authority ('NSIA' or 'the Authority') was established to receive, manage and invest the excess funds from the country's sale of crude oil in a diversified portfolio of medium and long-term investments. The Authority was setup by the Nigeria Sovereign Investment Authority Act, which was signed in May 2011 and was allocated an initial USD 1 billion in seed capital. The Authority has received three additional capital contribution tranches totalling \$750 million after the initial contribution. The Authority commenced operations in October 2012.

The Authority is domiciled in Nigeria and its registered office address is the Clan Place, 4th floor, Plot 1386A, Tigris Crescent, Maitama, Abuja.

To actualise its mandate, the Authority has established three separate 'ring-fenced' funds. They include Stabilisation Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF). The investment activities of the funds are managed as follows:

Fund	Investment managers
Stabilisation Fund (SF)	UBS Global Asset Management Limited, Smith Graham & Co, Income Research + Management
Nigeria Infrastructure Fund (NIF)	In-house Management Team, Fund for Agricultural Finance in Nigeria (FAFIN)
Future Generations Fund (FGF)	Cevian, Edgbaston Investment Partners, Somerset, Marathon, Prince Street Institutional Fund, AQR Style Premia Offshore Fund Ltd, RWC Emerging Markets Equity Fund, Goldman Sachs Emerging Market Equity Fund, The Canyon Value Realisation Fund (Cayman) Ltd, CNPG, Palestra Capital, Brasidas Asia, Alpstone Global Macro Fund, Holocene Advisors Offshore Fund Ltd, NAYA FUND, Vanguard S&P 500 ETFs, Fundsmith Equity Fund, John Street Systematic Limited, Bayview Liquid Credit Strategies Offshore, Z Capital Partners, Healthcare Royalty Partners, Xenon, Helios Investors, FAFIN, Actis Africa, Africa Capital Alliance CAPE IV, Abraaj Growth Healthcare Fund, Akina Euro Choice, Z Capital Fund, Reverence Capital FUND II, Healthcare Royalty Partners IV L.P., G Squared IV SCSp, Xenon Private Equity

2. STRUCTURE AND CONTENT

The financial statements comprise:

- A statement of financial position at the end of the year;
- A statement of comprehensive income for the year;
- A statement of changes in equity for the year;
- A statement of cash flows for the year;
- Notes, comprising a summary of significant accounting policies and other explanatory information.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated and separate financial statements of Nigeria Sovereign Investment Authority (NSIA) have been prepared in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to the interpretations issued by the IFRIC.

Notes to the Financial Statements cont'd

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Financial assets measured at fair value through other comprehensive income (FVOCI)
- Financial assets and liabilities measured at amortised cost
- Financial assets measured at fair value through profit or loss (FVPL)

3.3 (a) Functional and presentation currency

These financial statements are presented in Naira. All financial information presented in Naira has been rounded to the nearest thousands, except otherwise indicated. The currency of the primary economic environment of the Authority (that is, functional currency) is the Nigerian Naira.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group's presentation currency is the Naira.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'Finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'net exchange gains'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as financial assets at FVTOCI, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii. income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

Notes to the Financial Statements cont'd

- iii. all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3.4 Changes in accounting policy

The Group has consistently applied the accounting policies as set out in the consolidated financial statements to all periods presented on the consolidated financial statements.

The Group has adopted the following new standards and amendments including any consequential amendments to other standards with initial date of application of 1 January 2019.

3.5 New standards, amendments and interpretations

3.5.1 Standards and interpretations effective and adopted in the current year

IFRS 16 Leases

New and amended standards and interpretations

The Authority applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Authority. The Authority has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Authority is the lessor.

The Authority adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Authority elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019.

Instead, the Authority applied the standard only to the contract that was previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

Notes to the Financial Statements cont'd

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

Assets	Group N'000	Authority N'000
Right-of-use assets	304,338	86,976
Prepayments	-	-
Total assets	304,338	86,976
Liabilities		
Lease liabilities	86,976	86,976
Deferred tax liabilities	-	-
	86,976	86,976
Total adjustment on equity		
Retained earnings	217,362	-
	304,338	86,976

The Group has lease contracts for land and office building, while the Authority lease contract is only for the office building. Before the adoption of IFRS 16, the Authority classified its lease (as lessee) at the inception date as an operating lease. Upon adoption of IFRS 16, the Authority applied a single recognition and measurement approach for its lease.

Lease previously accounted for as operating lease

The Authority recognised right-of-use assets and lease liabilities for its lease previously classified as operating lease. The right-of-use assets for its lease was recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Authority also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease. The Authority has an option of extension by one year, hence the enforceable lease period was considered to be one year.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

Notes to the Financial Statements cont'd

Assets	Group N'000	Authority N'000
Operating lease commitments as at 31 December 2018	96,000	96,000
Weighted average incremental borrowing rate as at 1 January 2019	12.75%	12.75%
	-----	-----
Discounted operating lease commitments as at 1 January 2019	86,976	86,976
Add:		
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	-	-
Lease liabilities as at 1 January 2019	86,976	86,976

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the interpretation had an impact on its consolidated financial statements.

Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and

Notes to the Financial Statements cont'd

interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in its associate and joint venture.

Annual Improvements 2015-2017 Cycle

- **IAS 23 Borrowing Costs**

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual

Notes to the Financial Statements cont'd

reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

These amendments have no impact on the consolidated financial statements of the Group.

- **IAS 12 Income Taxes**

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

- **IFRS 11 Joint Arrangements**

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

- **IFRS 3 Business Combinations**

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

Notes to the Financial Statements cont'd

3.5.2 Standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that,

Notes to the Financial Statements cont'd

'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below were adopted by the Group in the presentation of these financial statements.

4.1 Consolidation

a. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Notes to the Financial Statements cont'd

b. Change in ownership interest subsidiaries without loss of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to noncontrolling interests are also recorded in equity.

c. Disposal of subsidiaries

When the Group ceases to have control over any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's

Notes to the Financial Statements cont'd

interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

e. Joint arrangements

Under IFRS 11 - Joint Arrangements investments are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The entity has only joint ventures.

- i. Joint operations - An entity that has an investment in joint operations recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.
- ii) Joint ventures - Interests in joint ventures are accounted for using the equity method at the Group financial statements level (see (f) below), after initially being recognised at cost in the separate financial statements.

The Authority has investments in only joint ventures, there were no investments in joint operations as at the end of the financial year.

f. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment

Notes to the Financial Statements cont'd

between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Authority.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

4.2 Interest income and interest expense

Interest income and expense on financial assets are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

Interest income from financial assets at fair value through profit or loss disclosed separately in the statement of comprehensive income as "interest income on instruments measured at FVTPL".

4.3 Investment income

Investment income consists of dividends and income earned on the Group's equity, fund investments and fixed income products.

4.4 Transaction costs

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction costs are expensed in the income statement. They include fees and commissions paid to agents, custodians and advisers.

4.5 Net gain from financial instruments at fair value through profit or loss

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income, and dividend expense on short positions.

Notes to the Financial Statements cont'd

4.6 Income tax expense

The NSIA Act exempts the Authority from the provisions of any and all taxes, fees, imports or similar fiscal laws or regulations of the Federal Government, State Government, Federal Capital Territory, Local Government and Area councils of the Federal Republic of Nigeria. The Authority is however mandated to pay tax on behalf of its employees and suppliers.

Dividend and interest income received by the Authority may be subject to withholding tax imposed in the country of origin. Thus the investment income accruing to the Authority is gross of such taxes and the related withholding tax expense is treated as an expense in the income statement.

Subsidiaries and other affiliates in Nigeria that are wholly owned subsidiaries incorporated outside Nigeria are subjected to taxes based on the territories of operations and this is shown in the Group.

4.7 Financial assets and financial liabilities

4.7.1 Recognition and initial measurement

The Group initially recognizes cash and bank balances, money market placements, investment securities, other financial assets, other liabilities and borrowings on the date on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issue.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

4.7.2 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

I. Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

Notes to the Financial Statements cont'd

- how the performance of the portfolio is evaluated and reported to the Authority's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

- ii. Assessment whether contractual cash flows are solely payments of principal and interest
In this case, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical reset of interest rates.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Financial liabilities

Financial liabilities are measured at amortised cost, or fair value through profit or loss.

Notes to the Financial Statements cont'd

4.7.3 Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in net foreign exchange gains and impairment expenses are presented as separate line item in the statement of profit or loss.
- **Fair value through profit or loss (FVPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income in the statement of profit or loss and other comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

All financial assets other than those measured as described above are measured at FVPL.

Notes to the Financial Statements cont'd

Financial liabilities

The Authority classifies its financial liabilities as measured at amortised cost and fair value through profit or loss.

4.7.4 *Derecognition*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Authority neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Authority is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

4.7.5 *Amortised cost measurement*

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

4.7.6 *Fair value measurement*

The Group measures financial instruments such as private equity investment at fair value at each balance sheet date.

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability OR
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the Financial Statements cont'd

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different from its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Notes to the Financial Statements cont'd

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date from a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on observable market indicators at the reporting date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

4.7.7 *Determination of fair values*

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.7.8 *Investment in equity and debt securities*

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date. The fair value of financial assets measured at amortised cost is determined for disclosure purposes only and are determined by reference to the quoted closing bid price at the reporting date.

4.7.9 *Investment in private equity funds*

The fair value of the investments held in one of the Group's subsidiaries are recognised at fair value determined using the net asset valuation method. This is done by obtaining

- i. the valuation of the Investee Fund's underlying investments;
- ii. the value date of the net asset value (NAV) provided;
- iii. cash flows (calls/distributions) since the latest value date; and
- iv. the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Investee Fund's General Partner.

4.7.10 *Investment in fixed income products*

The Group has classified some investments as fixed-income security during the financial year. Fixed income securities are debt securities which pays a fixed amount of interest in the form of coupon payments to investors. The interest payments are typically made periodically while the principal invested is repaid to the investor at maturity. Income is recognised on this investment when the interest payments are earned and not till when they are made or received.

4.7.11 *Receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Notes to the Financial Statements cont'd

4.7.12 Impairment of financial assets

See credit risk disclosures (Note 6.2) for details on impairment of financial assets

4.7.13 Impairment of non-financial assets

The carrying amounts of the Authority's non-financial assets other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Group that generates cash flows, which are largely independent from other assets and Groups. Impairment losses recognised in profit or loss in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

Trade payables

Trade payables are obligations that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as noncurrent liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise fixed deposits with banks, and highly liquid financial instruments with original maturities of less than three months from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Authority in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Notes to the Financial Statements cont'd

4.9 Property and equipment

4.9.1 Initial recognition

All items of property and equipment are initially recognised at cost. Cost includes the value of consideration exchanged, or fair value in the case of donated or subsidised assets, and those costs directly attributable to bringing the item to working condition for its intended use.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

4.9.2 Subsequent costs

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of an item of property or equipment in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

4.9.3 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The estimated useful lives for the current and comparative period are as follows:

Assets	Annual depreciation rate
Leasehold improvements	Over the shorter of the useful life of item or lease period
Leasehold land	Over the lease period
Buildings	40 years
Furniture and fittings	5 years
Motor vehicles	4 years

Notes to the Financial Statements cont'd

Computer equipment	3.3 years
Office equipment	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

4.9.4 **Derecognition**

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

4.10 **Intangible assets - software**

Software acquired by the Authority is stated at cost less accumulated amortization and accumulated impairment losses. Software is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the software can be measured reliably. Expenditure that forms part of the cost of software that meets the recognition criteria are capitalized as part of the software. Software is accounted for using the cost model. After initial recognition, the software is carried at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of 3 years, from the date that it is available for use. The amortization method and useful life of software are reassessed at each financial year end and adjusted if appropriate.

4.11 **Inventory**

Inventories are valued at the lower of cost and net realizable value. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal activity level. The cost of the inventories are measured using the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling.

4.12 **Contingencies**

4.12.1 **Contingent assets**

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Notes to the Financial Statements cont'd

A contingent asset is disclosed when an inflow of economic benefit is probable. When the realization of income is virtually certain, then the related asset is not a contingent and its recognition is appropriate.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

4.12.2 **Contingent liabilities**

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable is recognized, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

4.13 **Employee benefits**

4.13.1 **Post employment benefits**

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense in profit or loss when they are due.

Pension Scheme

The Authority operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employee and the employer contributions are 8% and 10% respectively of each of the qualifying employee's salary.

Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the period when the employees have rendered service entitling them to the contributions. Contributions to a defined contribution plan that is due for more than 12 months after the end of the period in which the employees render the service are discounted to their present value at the reporting date.

4.13.2 **Short term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-

Notes to the Financial Statements cont'd

sharing plans if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.14 Revenue

Revenue is defined as income arising in the course of an entity's ordinary activities.

Revenue is recognized when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to the customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group determines whether a performance obligation is satisfied (and revenue is recognized) over time, or whether a performance obligation is satisfied (and revenue is recognized) at a point in time for all contracts. All revenue derived by the entity (NSIA) are recognized at a point in time because it has met all indicators of transfer of control which should be considered. This includes the following:

- The Group has a present right to payment for the asset
- The legal title of the asset has been transferred to the customer
- The customer has taken physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset and;
- The customer has accepted the asset

The Group recognizes revenue from the following sources:

- Sales of NPK fertilizers
- Interest/ investment income

In order to meet the core principle of recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the amount of consideration to which an entity expects to be entitled in exchange for those goods or services, a five-step model is adopted; this five steps are:

- a. Identify the contract with the customer
- b. Identify the distinct goods or services
- c. Determine the transaction price
- d. Allocate the transaction price
- e. Determine when to recognize revenue

Sale of NPK fertilizers

For sales of NPK fertilizers, revenue is recognized when control of the goods has transferred, being when the goods have been made available for pick up at the blenders premises. Agro-dealers and state governments are the only customers under this sale.

There are no provision to deliver the fertilizers to the customers. A receivable is recognized by the Group when the goods have been made available for pick up by the agro-dealers and state government, as this represents the point in time at which the right to consideration becomes unconditional based on the

Notes to the Financial Statements cont'd

contract of sale the company has with its customers, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with credit terms of 90 days which is consistent with market practice.

There are no return policies and warranties granted to customers under the contract. The goods are sold directly to customers, there is no form of intermediary.

The NPK fertilizers are sold on price concessions based on amounts agreed with the Federal Government of Nigeria. Revenue from these sales is recognized based on the price specified in the contract with the customers (agro dealers and state governments). Where the agreed price leads to a loss position for the company, the federal government reimburses the entity for selling below cost price.

4.15 Below market borrowings (Government grants)

The Group, through its subsidiary, NAIC-NPK Limited benefits from the Central Bank of Nigeria's Real Sector Support Facility (RSSF) Scheme where the Federal Government of Nigeria/Central Bank of Nigeria through some commercial banks provide finance to companies in certain industries at subsidized interest rates. Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

4.16 Capital and other commitments

The term 'commitments' is not defined in any of the standards but may be referred to as the intention to commit to an outflow from the Group of resources embodying economic benefits.

Generally, a commitment arises when a decision is made to incur a liability in the form of a purchase contract (or similar documentation). Such a contractual commitment would be accompanied by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules.

These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement. The Group may enter into a contract on or before the reporting date for expenditure over subsequent accounting periods e.g. a contract for construction of infrastructure assets, the purchase of major items of plant and equipment or significant consultancy contracts. In these events, a commitment exists at the reporting date as the Group has contracted for expenditure but work has not commenced and no payments have been made.

4.17 Comparatives

Comparative figures where necessary, have been reclassified to conform to changes in classifications in the current accounting year.

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4.18 Intercompany receivables

Intercompany receivables represent balances due from the Authority's subsidiaries as at the end of the financial year. The balance on the financial statements represents the carrying amount as at the end of the year.

4.19 Intercompany payables

Intercompany payables represent balances due from the Authority's to its subsidiaries as at the end of the financial year. The balance on the financial statements represents the carrying amount as at the end of the year.

4.20 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Building	2 years
Land	10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (4.7.13) Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that

Notes to the Financial Statements cont'd

depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, and in any future periods affected. Management discusses with the Board of Directors the development, selection and disclosure of the Authority's critical accounting policies and estimates, and the application of these policies and estimates. These disclosures supplement the commentary on financial risk management.

5.1 Critical accounting judgments in applying the Authority's accounting policies

Critical accounting judgements made in applying the Authority's accounting policies include:

Notes to the Financial Statements cont'd

5.1.1 Valuation of financial instruments

The Authority's accounting policy on fair value measurements is discussed under Note 4.7.6. The fair values of quoted financial assets at fair value through OCI and financial assets at fair value through profit or loss are determined by reference to prices quoted in an active market. For financial assets at fair value through OCI equity investments which are unquoted, the Authority performs a fair valuation exercise on these investments using available and applicable inputs to determine their fair values.

The Authority measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using inputs that are not based on observable market data. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

5.1.2 Financial assets and liabilities classification

The Authority's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances: Details of the Authority's classification of financial assets and liabilities are given in Note 4.7.

5.1.3 Impairment of financial assets

IFRS 9 requires the use of more forward looking information including reasonable and supportable forecasts of future economic conditions. The Group has developed the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight has been established around the process.

5.1.4 Fair value of private equity investments

The fair values of the private equity investments held by one of the Group's subsidiaries has been determined at the reporting date using the net asset valuation method. This takes into account the net asset values as obtained from the different private equity investee funds' most recent available financial information, considering contributions and distributions between the last net asset valuation date and the reporting period. These private equity investments are unquoted and comparable market information

Notes to the Financial Statements cont'd

was not available as at the end of the reporting period. Determining the fair values based on this valuation approach assumes that the investment will be realized at the reporting date at these values. The sensitivity of the fair values to changes in the assumptions made is disclosed in Note 7.

5.1.5 Leases - Estimating the incremental borrowing rate

The Authority cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Authority would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Authority 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Authority estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Authority estimates the IBR using the following steps:

Step 1: Reference rate: This is generally a government bond reflecting risk free rate. Repayment profile was considered when aligning the term of the lease with the term for the source of the reference rate. The reference rate used is 12.75%.

Step 2: Financing spread adjustment: Use of credit spreads from debt with the appropriate term by considering Company's stand-alone credit rating or similar Company credit rating. The credit spread calculation amounted to 0.0051%.

Step 3: Lease specific adjustment: Use of market yield for the leased assets, as an additional data point and to sense-check the overall IBRs calculated. The leased asset specific rate is 0.0000%.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

6.1 Approach to risk management

With a global outlook, the Group's strategy for managing risks is to understand risk within the invested universe and the externalities that can affect this, with the aim of monitoring, controlling and mitigating against undesired events.

The Group has adopted, wherever possible, recommended best practice in the identification, evaluation and cost effective control of risks to ensure, as far as possible, that they are eliminated or reduced to a level that is acceptable to the Authority. The Group's Risk Framework seeks to explain the Authority's underlying approach to risk management, documents the roles and responsibilities of the Board of

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Directors, Risk Management department and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

6.2 Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group, resulting in a financial loss to the Group. It arises principally from debt securities held, trade receivables and advances, and also from cash and cash equivalents.

6.2.1 Management of credit risk

The Group's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting credit standards, hence the Group only deals with counterparties that meet set credit ratings.

6.2.2 Exposure to credit risk

Credit quality of financial assets.

The carrying amount of financial assets represents the maximum credit exposure per credit rating.

As at 31 December 2019, all financial assets were neither past due nor impaired. The credit quality of these financial assets are disclosed in the table below:

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I. Bank balances	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Counterparties with external credit ratings				
A- (S&P)	647,778	16,113,902	648,121	1,736,947
B (S&P)	-	575	575	-
B2 (Moody)	134,639,321	27,794,206	107,905,411	27,794,206
BBB+ (S&P)	3,578,059	-	-	-
Total cash at bank balances	138,865,158	43,908,683	108,553,532	29,531,728
ii. Money market placements				
Counter parties with external credit ratings				
B+ (Fitch)	77,179,529	29,935,474	77,179,529	32,245,474
Total money market placements	77,179,529	29,935,474	77,179,529	32,245,474
iii. Restricted balances and other assets				
Counter parties with external credit ratings				
A-2 (S&P)	1,008,796	5,922,236	1,008,796	1,045,784
B (Fitch)	16,115,245	18,423,745	-	-
B2 (Moody)	-	20,377	-	20,377
	17,124,041	24,366,358	1,008,796	1,066,161
Counter parties without external credit ratings				
Other receivables	22,528,033	8,976,731	21,637,631	227,499
Trade receivables	9,795,174	4,548,081	4,461,410	4,334,246
Intercompany receivables	-	-	49,517,554	30,346,432
Total other assets (Financial assets)	49,447,248	37,891,170	76,625,391	35,974,338
iv. Investment securities				
Counter parties with external credit ratings				
Financial assets at amortized cost				
A+ (S&P)	8,394,931	16,603,012	8,394,931	16,603,012
B (S&P)	-	30,239,146	-	30,239,146
B2 (Moody)	10,231,235	182,472,004	925,744	182,472,004
A1+ (Fitch)	13,365,358	3,270,312	10,802,464	3,270,312
A- (GCR)	3,279,250	3,394,422	3,279,250	3,394,422
AA- (Fitch)	8,176,639	-	8,176,639	-
A (Moody)	-	6,719,465	-	6,719,465
B (Fitch)	23,169,670	28,732,784	23,169,671	28,732,784
B+ (Fitch)	11,948,675	6,217,503	11,948,675	6,217,504
CCC (Fitch)	-	4,043,466	-	4,043,465
B2 (Moody)	16,028,282	4,109,896	16,028,282	4,109,896
B (S&P)	11,608,966	-	11,611,795	-
	106,203,006	285,802,010	94,337,451	285,802,010
Counter parties without external credit ratings				
Financial assets at amortized cost	1,656,073	1,641,036	-	-
	1,656,073	1,641,036	-	-
Total financial assets at amortized cost (exclusive of impairment)	107,859,079	287,443,046	94,337,451	285,802,010

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	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Counter parties without external credit ratings				
Financial assets at FVOCI	5,759,993	9,474,482	3,679,993	7,934,647
Total financial assets at FVTOCI	5,759,993	9,474,482	3,679,993	7,934,647
Financial assets at FVTPL				
Counter parties with external credit ratings				
AAA (Moody)	34,664,953	33,327,803	34,664,952	33,327,803
Baa3 (Moody)	1,626,000	1,626,000	1,626,000	1,626,000
Counter parties without external credit ratings				
Financial assets at FV through profit and loss	210,833,067	130,141,210	190,709,052	113,515,375
Total financial assets at FVTPL	247,124,020	165,095,013	227,000,004	148,469,178

6.2.3 Concentration of risk of financial assets.

Geographical sectors

The following table breaks down the Group's risk exposure at their carrying amounts, as categorized by geographical region as 31 December 2019 and 31 December 2018. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

31 December 2019

In thousands of Nigerian Naira

	Group		
	Nigeria	America	Total
Cash and cash equivalents			
Money market placements	77,179,529	-	77,179,529
Bank balances	135,287,099	3,578,059	138,865,158
Restricted balances and other assets			
Other receivables	23,536,829	-	23,536,829
Account receivables	9,795,174	-	9,795,174
Cost incurred on behalf of related party	16,113,745	-	16,113,745
Restricted balances	1,500	-	1,500
Investment securities			
<i>At amortized cost</i>			
Nigerian treasury bills	925,744	-	925,744
Open market operations bills (OMO bills)	9,302,663	-	9,302,663
Fixed deposits	95,974,599	-	95,974,599
Loans and receivables	1,656,073	-	1,656,073
<i>At FVTPL</i>			
US treasury notes	-	27,713,425	27,713,425
Fixed income products	-	30,465,259	30,465,259
	369,772,955	61,756,743	431,529,698

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31 December 2018

In thousands of Nigerian Naira

	Nigeria	Group America	Total
Cash and cash equivalents			
Money market placements	29,935,474	-	29,935,474
Bank balances	29,531,728	14,376,955	43,908,683
Restricted balances and other assets			
Other receivables	11,134,143	-	11,134,143
Account receivables	8,333,282	-	8,333,282
Cost incurred on behalf of related party	16,113,745	-	16,113,745
Restricted balances	2,310,000	-	2,310,000
Investment securities			
<i>At amortized cost</i>			
Eurobonds	10,260,970	-	10,260,970
Nigerian treasury bills	3,984,976	-	3,984,976
Open market operations bills (OMO bills)	178,487,028	-	178,487,028
Fixed deposits	93,069,036	-	93,069,036
Loans and receivables	1,641,036	-	1,641,036
At FVTPL			
US treasury notes	-	26,841,410	26,841,410
Fixed income products	-	22,963,236	22,963,236
	384,801,418	64,181,601	448,983,019

31 December 2019

In thousands of Nigerian Naira

	Nigeria	Authority America	Total
Cash and cash equivalents			
Money market placements	77,179,529	-	77,179,529
Bank balances	108,553,534	-	108,553,534
Restricted balances and other assets			-
Other receivables	22,646,427	-	22,646,427
Account receivables	4,461,410	-	4,461,410
Intercompany receivables	49,517,554	-	49,517,554
Investment securities			
<i>At amortized cost</i>			
Eurobonds	-	-	-
Nigerian treasury bills	925,744	-	925,744
Open market operations bills (OMO bills)	-	-	-
Fixed deposits	93,411,705	-	93,411,705
At FVTPL			
US treasury notes	-	27,713,425	27,713,425
Fixed income products	-	30,465,259	30,465,259
	356,695,903	58,178,684	414,874,587

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31 December 2018

In thousands of Nigerian Naira

	Nigeria	Authority America	Total
Cash and cash equivalents			
Money market placements	32,245,474	-	32,245,474
Bank balances	29,531,728	-	29,531,728
Restricted balances and other assets			
Other receivables	2,171,076	-	2,171,076
Investment securities			
<i>At amortized cost</i>			
Eurobonds	10,260,970	-	10,260,970
Nigerian treasury bills	3,984,976	-	3,984,976
Open market operations bills (OMO bills)	178,487,028	-	178,487,028
Fixed deposits	93,069,036	-	93,069,036
At FVTPL			
US treasury notes	-	24,805,655	24,805,655
Fixed income products	-	22,963,236	22,963,236
	349,750,288	47,768,891	397,519,179

6.2.4 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The Authority recognizes loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVPL:

- financial assets that are debt instruments;
- other assets and receivables; and
- financial guarantee contracts issued

No impairment loss is recognized on equity investments

The Authority measures loss allowances at an amount equal to lifetime ECL, except for the following which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than other receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for other assets and receivables are always measured at an amount equal to lifetime ECL.

The Authority considers a debt security to have low credit risk when their credit risk rating is equivalent to

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the globally understood definition of 'investment grade' or it is a sovereign debt issued in the local currency e.g. Treasury bills and Bonds issued by the Nigerian Government.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Life time ECL are credit losses that result from all possible default event over the expected life of a financial instrument.

6.2.5 Credit risk measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to note 6.2.5.2 on measurement of ECL below for more details.

6.2.5.1 Credit risk grading

The Group uses credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Group uses rating models tailored to the various categories of counterparty. Specific information collected at the time of acquiring the financial assets (such as disposable income, and level of collateral for exposures; and turnover and industry type) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the risk management unit to be fed into the final internal credit rating for exposures. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

6.2.5.2 Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* They are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Authority expects to receive);
- *Financial assets that are credit-impaired at the reporting date:* They are measured as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- *Financial guarantee contracts:* They are measured as the expected payments to reimburse the holder less any amounts that the Authority expects to recover from the holder, the debtor or any other party.

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Default definition

Under IFRS 9, the Group will consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the borrower is more than 90 days past due on any material credit obligation to the Group.
- Overdrafts are considered past due once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Group will consider indicators that are:

- qualitative: e.g. breach of covenants that are deemed as default events;
- quantitative: e.g. 90 days overdue status and non-payment of another obligation of the same issuer to the Authority; and
- based on internally and external objective evidence of impairment.
- Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

6.2.6 Significant increase in credit risk

The Group has established a framework that consider qualitative, quantitative, and 'backstop' (30 days past due presumption) indicators to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Group's internal credit risk management process.

The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include backstop based on delinquency.

In determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group will consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Authority's historical experience, expert credit assessment and forward-looking information.

The Authority will primarily assess whether a significant increase in credit risk has occurred for an exposure in line with its staging criteria by comparing:

- the risk of default on the exposure as at the reporting date; with
- the risk of default on the exposure as at the date of initial recognition

Assessing whether credit risk has increased significantly since initial recognition of a financial instrument requires identifying the date of initial recognition of the instrument. Modifying the contractual terms of a financial instrument may also affect this assessment.

Details of the qualitative and quantitative factors used to determine the significant increase in credit risk are highlighted in the next sub-head.

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6.2.6.1 Quantitative criteria

The use of quantitative criteria requires the Authority to refresh its quantitative metrics at least annually. The Authority adopted the following quantitative criteria for the purpose of assessing Significant Increase in Credit Risk (SICR), vis-à-vis stage allocation:

i. External rating parameter:

The Authority monitors changes in external ratings of obligors to assess significant increase/decrease in credit risk. Evidence of Significant Increase in Credit Risk (SICR) depends on rating at initial recognition and the extent of movement (number of notches downgrade/upgrade) as at reporting date.

The Authority applies different notches movement across each rating grade as evidence of SICR. Generally, obligors with higher credit rating would require more notches downgrade to evidence SICR, when compared with obligors with lower credit rating. The logic is that PD exponentially increases with movement down the rating grades. For instance, while a one-notch movement is deemed significant for a financial instrument rated CCC at origination, a three-notch movement is deemed significant for an AAA rated financial instrument.

Below is a table of the quantitative criteria used in allocating stages to the financial instruments of the Authority:

Stage 1	Stage 2	Stage 3
<ul style="list-style-type: none"> Less than three (3) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of AAA to AA- at origination. Less than two (2) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of A+ to BB- at origination. No downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of B+ and below at origination. 	<ul style="list-style-type: none"> More than three (3) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of AAA to AA- at origination. More than two (2) notches downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of A+ to BB- at origination. One (1) or more notch downgrade in the external rating of the obligor for financial instruments that were rated S&P equivalent of B+ and below at origination. 	<ul style="list-style-type: none"> All facilities with a rating of D are grouped in stage 3

ii. Backstop:

The Authority uses the backstop indicator otherwise known as "30 days past due presumption" to assess significant decrease/increase in credit risk. Evidence of SICR depends on the financial instrument's performance status and the number of days for which contractual payments are past due.

The thresholds for these quantitative criteria will be reviewed by the Authority on an annual basis.

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Stage 1	Stage 2	Stage 3
<ul style="list-style-type: none"> The financial instrument is performing with less than 30 days past due on any contractual payment. 	<ul style="list-style-type: none"> The financial instrument is performing with 30 or more days but less than 90 days past due on any contractual payment; except if the Authority can rebut that the "30 days past due" presumption does not represent significant increase in credit risk for that particular financial instrument. 	<ul style="list-style-type: none"> The financial instrument is 90 or more days past due on contractual payments; except if the Authority can rebut that the "90 days past due" presumption does not represent a default event for that particular financial instrument.

6.2.6.2 Qualitative Criteria

The Authority uses a wide range of qualitative criteria for staging purposes, leveraging on IFRS 9 recommendations and a range of other factors.

The Authority shall override the stage allocation using quantitative assessment if the financial instrument meets the qualitative criteria for a different impairment stage as detailed below.

Below is a table of the qualitative criteria used in allocating stages to the financial instruments of the Group:

Stage 1	Stage 2	Stage 3
<ul style="list-style-type: none"> The financial instrument meets CBN low risk exception criteria i.e. "risk free and gilt edged" All financial instruments at inception will be in stage 1 except if purchased or originated as credit impaired. The financial instrument has not had a significant increase in credit risk since origination as evidenced by (but not limited to) the following factors: <ul style="list-style-type: none"> An actual or expected change in the regulatory, macroeconomic, or technological environment of the borrower at the reporting date does not result in a significant change in the borrower's ability to meet its obligations relative to the origination date. No expectation of forbearance or restructuring due to financial difficulties. No evidence that full repayment of interest and principal will require the realization of 	<ul style="list-style-type: none"> The financial instrument has had a significant increase in credit risk since origination as evidenced by (but not limited to) the following factors: <ul style="list-style-type: none"> An actual or expected change in the regulatory, macroeconomic, or technological environment of the borrower at the reporting date results in a significant change in the borrower's ability to meet its obligations relative to the origination date. Expectation of forbearance or restructuring due to financial difficulties. Evidence that full repayment of interest and principal will require the realization of collaterals or other form of support. The borrower has suffered a regulatory fine that is significant in relation to its size/profit at the reporting date which could result in a significant change in the borrower's ability to meet its 	<ul style="list-style-type: none"> Financial instruments that are purchased or originated as credit impaired. The financial instrument has objective evidence of impairment at the reporting date as evidenced by (but not limited to) the following <ul style="list-style-type: none"> Withdrawal of operating license from the obligor. Voluntary liquidation/insolvency of the obligor. If it becomes probable that the obligor may enter bankruptcy or other financial reorganization. Disappearance of an active market for the financial instrument because of financial difficulties. The purchase or origination of a financial instrument at a deep discount that reflects the incurred credit losses Breach of covenants that are deemed as default events. Other qualitative factors

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Stage 1	Stage 2	Stage 3
collaterals or other form of support.	obligations relative to the origination date. <ul style="list-style-type: none"> Litigation against the obligor is likely to have material impact on revenue or profit at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	representing default such as in the CBN's prudential guideline definition of default.
<ul style="list-style-type: none"> The borrower did not suffer a regulatory fine that is significant in relation to its size/profit at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. No Litigation against the obligor that is likely to have material impact on profit at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> Government policies have significant negative impact on the viability or profitability of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. Significant downturn in the obligor's industry at the reporting date relative to the origination date or the downturn is expected to significantly impact the obligor's ability to meet contractual obligations relative to the origination date. 	
<ul style="list-style-type: none"> Government policies have little or no negative impact on the viability or profitability of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> There is significant drop in the obligor's revenue or profitability at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	
<ul style="list-style-type: none"> No significant downturn in the obligor's industry at the reporting date relative to the origination date or the downturn is not expected to significantly impact the obligor's ability to meet contractual obligations relative to the origination date. There is no significant drop in the obligor's revenue or profitability at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> Significant reduction in financial support from a parent entity or other affiliate at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. Significant deterioration in liquidity/solvency levels of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> Significant reduction in financial support from a parent entity or other affiliate at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. Significant deterioration in liquidity/solvency levels of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date.

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Stage 1	Stage 2	Stage 3
<ul style="list-style-type: none"> Little or reduction in financial support from a parent entity or other affiliate at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. No significant deterioration in liquidity/solvency levels of the obligor at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 	<ul style="list-style-type: none"> Other factors other than those listed above that suggest that the ability of the obligor to meet contractual obligations at the reporting date has change materially from the origination date. 	
<ul style="list-style-type: none"> For financial institutions, no significant deterioration in obligor's CAMELS (i.e. Capital, Asset Quality, Management Capability, Earnings, Liquidity, and Sensitivity to market risks) at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 		
<ul style="list-style-type: none"> No significant deterioration in internal price indicators of credit risk at the reporting date which could result in a significant change in the borrower's ability to meet its obligations relative to the origination date. 		
<ul style="list-style-type: none"> Other factors other than those listed above that suggest that the ability of the obligor to meet contractual obligations at the reporting date has not change materially from the origination date. 		

6.2.7 Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition

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of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the financial asset.
- The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.
- The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the financial asset amortized cost. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.
- The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.
- For amortizing products, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilization band, based on analysis of the Group's recent default data.
- The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.
- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to the limited differentiation in

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recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

- Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to the Forward-looking information incorporated in the ECL models" subhead for an explanation of forward-looking information and its inclusion in ECL calculations.
- The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed by the Finance team on a periodic basis.
- There have been no significant changes in estimation techniques or significant assumptions made during between when the model was adopted and the reporting period.

6.2.8 Forward-looking information incorporated in the ECL models

The calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

IFRS 9 [B5.5.51] states that an entity need not undertake an exhaustive search for information but shall consider all reasonable and supportable information that is available without undue cost or effort and that is relevant to the estimate of expected credit losses. In addition, an entity is not required to incorporate forecasts of future economic conditions over the entire life of a financial instrument. Rather, it suffices for an entity to extrapolate projections for periods that are far in the future from available information.

6.2.8.1 Incorporating forward-looking information into multi-year PD estimation

The Authority has financial instruments originating from different regions of the world, and as such, it may be impracticable to obtain information on future economic conditions for all the relevant regions. The Authority has therefore incorporated FLI into multi-year PD estimation using a two-step approach:

Step 1:

Convert Through-the-Cycles (TTC) PDs to Point-in-Time (PIT) PDs using logistic regression with global historical default rates and global macroeconomic variables (i.e. global GDP growth rate, global inflation rate and oil price). This is based on the fact that external rating grades are comparable across industries and jurisdictions.

Step 2:

Incorporate the impact of local economic conditions by analyzing the likelihood of change in the rating of each financial instrument based on obligor specific information. This analysis will be conducted at every reporting date by considering the following information:

- Rating outlook from external rating agencies for the obligor or the related sovereign
- The expected impact of local macroeconomic forecasts (e.g. local GDP growth rate, exchange rate, inflation rate, unemployment rate etc.) on the obligor

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- iii. Other obligor specific qualitative information that may provide an indication of future change in ratings.

6.2.8.2 Incorporating FLI into Multi-year EAD and LGD Estimation

The Authority adjusts the base case EAD and LGD estimates for periods where these parameters are expected to be significantly different from their historical averages based on forward-looking macroeconomic information.

6.2.8.3 Macro economic variable affecting the ECL allowance

The real historical gross domestic product (GDP) growth rate in Nigeria, inflation and crude oil price were identified as the key economic variables impacting the credit risk of the Group. Historical data on these variables for the last ten years were used to determine the three economic scenarios (base, optimistic and downturn) and their scenario weightings.

6.2.9 Economic variable assumptions

One of the most significant period-end assumptions used for the ECL estimate as at 31 December 2019 are set out below. The scenarios "best", "optimistic" and "downturn" were used for all portfolios.

		2020	2021	2022	2023	2024
a. GDP growth rate(%)	Best	2%	2%	2%	2%	2%
	Optimistic	2%	2%	2%	2%	2%
	Downturn	2%	2%	2%	2%	2%
b. Inflation rate (%)	Best	1%	2%	2%	2%	2%
	Optimistic	1%	2%	3%	3%	3%
	Downturn	2%	2%	3%	3%	3%
c. Oil price (USD)	Best	43	45	64	64	64
	Optimistic	34	48	60	60	60
	Downturn	29	28	30	50	50

Sensitivity analysis on ECL Model

The most significant forward looking information with impact on the ECL allowance of the Group include:

- Growth rate
- Inflation rate
- Oil prices

The table below demonstrates the sensitivity of the ECL allowance to movements in the significant forward looking indicators for financial assets, with all other variables held constant:

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2019	Group		Authority	
	ECL allowance N'000	Net effect N'000	ECL allowance N'000	Net effect N'000
Growth rate				
10% increase	1,582,014	(175,779)	1,382,337	(153,593)
No change	1,757,793	-	1,535,930	-
10% decrease	1,933,572	175,779	1,689,523	153,593
Inflation rate				
1% increase	1,775,371	17,578	1,551,289	15,359
No change	1,757,793	-	1,535,930	-
1% decrease	1,740,215	(17,578)	1,520,571	(15,359)
Oil prices				
5% increase	1,669,903	(87,890)	1,459,134	(76,797)
No change	1,757,793	-	1,535,930	-
5% decrease	1,845,683	87,890	1,612,727	76,797
2018				
	Group		Authority	
	ECL allowance N'000	Net effect N'000	ECL allowance N'000	Net effect N'000
Growth rate				
10% increase	573,504	(60,571)	516,382	(54,473)
No change	634,075	-	570,855	-
10% decrease	701,873	67,798	631,920	61,065
Inflation rate				
1% increase	636,666	2,591	573,233	2,378
No change	634,075	-	570,855	-
1% decrease	632,416	(1,659)	569,407	(1,448)
Oil prices				
5% increase	607,574	(26,501)	547,048	(23,807)
No change	634,075	-	570,855	-
5% decrease	662,669	28,594	596,636	25,781

6.2.10 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;

Notes to the Financial Statements cont'd

- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions; Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognized and write-offs of allowances related to assets that are written off.

There were no assets written off during the period.

See notes 14.1 for an explanation of the changes in the loss allowance of financial assets between the beginning and the end of the annual period:

6.2.11 Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. Currently, there were no outstanding contractual amounts on such financial assets during the year ended 31 December 2019.

The table below analyses the Group's financial assets measured at amortized cost based on stage in which the allowances taken on them are. All financial assets fair valued through other comprehensive income are equity instruments

2019 Group	Stage 1 12 months exposure N '000	Stage 2 Lifetime exposure N '000	Stage 3 Lifetime exposure N '000	Total N '000
Financial assets measured at amortized cost				
Nigerian treasury bills	925,744	-	-	925,744
Open Market Operations bills (OMO bills)	9,302,663	-	-	9,302,663
Fixed deposits	95,974,599	-	-	95,974,599
Loans and receivables	1,656,073	-	-	1,656,073
Restricted balances and other assets	49,447,248			49,447,248
	157,306,327	-	-	157,306,327
Loss allowance (investment securities & other assets)	(1,757,793)	-	-	(1,757,793)
Carrying amount	155,548,534	-	-	155,548,534
Individually impaired	1,757,793	-	-	1,757,793
Collectively impaired	-	-	-	-
	1,757,793	-	-	1,757,793

Notes to the Financial Statements cont'd

2018 Group	Stage 1 12 months exposure N '000	Stage 2 Lifetime exposure N '000	Stage 3 Lifetime exposure N '000	Total N '000
Financial assets measured at amortized cost				
Eurobonds	10,260,970	-	-	10,260,970
Nigerian treasury bills	3,984,976	-	-	3,984,976
Open Market Operations bills (OMO bills)	178,487,028	-	-	178,487,028
Fixed deposits	93,069,036	-	-	93,069,036
Loans and receivables	1,641,036	-	-	1,641,036
Restricted balances and other assets	37,891,170	-	-	37,891,170
	325,334,216	-	-	325,334,216
Loss allowance (investment securities & other assets)	(2,955,668)	-	-	(2,955,668)
Carrying amount	322,378,548	-	-	322,378,548
Individually impaired	2,955,668	-	-	2,955,668
Collectively impaired	-	-	-	-
	2,955,668	-	-	2,955,668
2019 Authority				
	Stage 1 12 months exposure N '000	Stage 2 Lifetime exposure N '000	Stage 3 Lifetime exposure N '000	Total N '000
Financial assets measured at amortized cost				
Nigerian treasury bills	925,744	-	-	925,744
Fixed deposits	93,411,705	-	-	93,411,705
Other assets	76,625,391	-	-	76,625,391
	170,962,840	-	-	170,962,840
Loss allowance	(1,535,930)	-	-	(1,535,930)
Carrying amount	169,426,910	-	-	169,426,910
Individually impaired	1,535,930	-	-	1,535,930
Collectively impaired	-	-	-	-
	1,535,930	-	-	1,535,930

Notes to the Financial Statements cont'd

2018 Authority	Stage 1 12 months exposure N '000	Stage 2 Lifetime exposure N '000	Stage 3 Lifetime exposure N '000	Total N '000
Financial assets measured at amortized cost				
Eurobonds	10,260,970	-	-	10,260,970
Nigerian treasury bills	3,984,976	-	-	3,984,976
Open Market Operations bills (OMO bills)	178,487,028	-	-	178,487,028
Fixed deposits	93,069,036	-	-	93,069,036
	285,802,010	-	-	285,802,010
Loss allowance	(570,855)	-	-	(570,855)
Carrying amount	285,231,155	-	-	285,231,155
Individually impaired	570,855	-	-	570,855
Collectively impaired	-	-	-	-
	570,855	-	-	570,855

6.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Group.

6.3.1 Management of liquidity risk

The Group's approach to managing liquidity is to have sufficient funds to meet its liabilities, as and when due, without incurring undue losses or risking damage to the Group's reputation. The Group manages its liquidity risk by maintaining cash levels to fund short term operating expenses.

The table below shows the Group's current cash levels:

In thousands of Naira	Group 31 December 2019	Group 31 December 2018	Authority 31 December 2019	Authority 31 December 2018
Cash in hand	2,944	133	2,944	133
Bank balances	138,865,158	43,908,683	108,553,534	29,531,728
Placements with financial institutions	77,179,529	29,935,474	77,179,529	32,245,474
Total cash and cash equivalents	216,047,631	73,844,290	185,736,007	61,777,335

Exposure to liquidity risk

The table below analyses the Group's non-derivative financial liabilities and unfunded commitments with private equity fund managers into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

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Group

31 December 2019

In thousands of Naira

	Up to 6 months	Between 6 months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Trade payables	2,377,517	-	-	-	2,377,517
Other payables	19,076,465	-	-	-	19,076,465
Lease liability	48,000	-	-	-	48,000
Accruals	856,888	-	-	-	856,888
Borrowings	3,993,733	5,228,623	9,802,001	12,736,909	31,761,266
Total liabilities	26,352,603	5,228,623	9,802,001	12,736,909	54,120,136

Unfunded commitments with private
equity fund managers

	39,630,241	-	-	-	39,630,241
Total commitments	39,630,241	-	-	-	39,630,241

Group

31 December 2018

In thousands of Naira

	Up to 6 months	Between 6 months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Trade payables	1,733,962	-	-	-	1,733,962
Other payables	18,756,444	-	-	-	18,756,444
Accruals	284,034	-	-	-	284,034
Borrowings	3,125,829	4,034,513	7,872,118	21,449,259	36,481,719
Total liabilities	23,900,269	4,034,513	7,872,118	21,449,259	57,256,159

Unfunded commitments with private
equity fund managers

	19,069,581	-	-	-	19,069,581
Total commitments	19,069,581	-	-	-	19,069,581

Authority

31 December 2018

In thousands of Naira

	Up to 6 months	Between 6 months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Trade payables	1,721,250	-	-	-	1,721,250
Intercompany payables	8,968,987	-	-	-	8,968,987
Other payables	15,528,802	-	-	-	15,528,802
Lease liability	48,000	-	-	-	48,000
Accruals	750,029	-	-	-	750,029
Total liabilities	27,017,068	-	-	-	27,017,068

NAIC-NPK loan guaranteed by NSIA

Unfunded commitments with private
equity fund managers

	3,993,733	5,228,623	9,802,001	12,736,909	31,761,266
	18,589,763	-	-	-	18,589,763
Total commitments	22,583,496	5,228,623	9,802,001	12,736,909	50,351,029

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Authority

31 December 2019

In thousands of Naira

	Up to 6 months	Between 6 months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Trade payables	1,520,494	-	-	-	1,520,494
Intercompany payables	1,591,131	-	-	-	1,591,131
Other payables	15,456,623	-	-	-	15,456,623
Accruals	347,267	-	-	-	347,267
Total liabilities	18,915,515	-	-	-	18,915,515
NAIC-NPK loan guaranteed by NSIA	3,125,829	4,034,513	7,872,118	21,449,259	36,481,719
Unfunded commitments with private equity fund managers	14,002,831	-	-	-	14,002,831
Total commitments	17,128,660	4,034,513	7,872,118	21,449,259	50,484,550

6.4 Market risk

Market risk is the risk of loss from unfavorable changes in the fair values of financial instruments caused by adverse moves in market variables, such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and implied volatilities of the market rates. Market risk losses could result in a loss of earning and/or capital to the Group. The Group is exposed to market risk through its proprietary investments and can experience capital erosion from its own direct investments in the market.

With regards to investments in certain asset classes, the Group's potential exposure can be categorized into two: namely, traditional investments and alternative investments. Traditional investments include cash, listed equity and fixed income instruments. Alternative investments are the real estate assets, private equity, hedge funds, unquoted securities and equities, hospitality, and are generally less liquid than traditional investments. Currently, the asset classes being referred to as alternative investments are the real estate assets, private equity, hospitality and infrastructure projects.

The Group's Market risk Framework includes:

- Market risk - comprising equity, interest rate, interest basis and currency risks;
- Valuation risk - which derives from the valuation methodology chosen for unlisted assets. A critical associated risk is that which relates to the valuation model. The Group has exposure to valuation risk through its investments in real estate assets, private equity investments as well as other alternative instruments and project development.

The Group manages market risk by actively controlling positions taken by investment managers in accordance with the investment strategy for each fund. The investment strategy outlines permissible asset classes, asset allocation limits and other position limits according to the portfolio risk appetite and risk profile. Exceptions are escalated and investment managers are expected to provide a plan of action that would bring portfolios within limits.

The identification, measurement and management of market risk is categorized as follows:

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6.4.1 Trading assets/Financial assets

Trading assets are carried at fair value using publicly available market rates for traded securities. Positions are monitored regularly and performance measured to relevant benchmarks.

6.4.2 Non-trading assets/Non-financial assets

Key performance measures are set and a robust monitoring and reporting framework is put in place to monitor performance of the Authority's investment in alternative and unlisted securities.

6.4.3 Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group has an investment in a foreign operation, whose net assets are exposed to foreign currency translation risk as a result of the translation of its financial statements from the operation's functional currency to the Group's presentation currency. Non-monetary financial assets are not exposed to foreign exchange risk in accordance with the standards. Currency exposure arising from the net assets of the Group's foreign subsidiary is managed primarily through cash and cash equivalents denominated in the relevant foreign currencies.

The tables below shows the sensitivity of the Group's total comprehensive income to appreciation or depreciation of the naira in relation to other currencies.

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Concentration of foreign currency exposure

Group 31 December 2019	Naira N '000	USD N '000	Euro N '000	Yen N '000	Total N '000
Cash and cash equivalents	169,846,307	45,780,896	420,428	-	216,047,631
Investment securities (at amortized cost)	-	107,203,262	-	-	107,203,262
Investment securities (at FVTPL) - Monetary	-	240,911,958	-	6,212,062	247,124,020
Investment securities (at FVOCI)	523,000	5,236,993	-	-	5,759,993
Restricted balances and other assets	13,265,220	36,182,028	-	-	49,447,248
Total monetary financial assets	183,634,527	435,315,137	420,428	6,212,062	625,582,154
Trade payables	1,332,406	1,045,111	-	-	2,377,517
Other payables	18,783,193	293,272	-	-	19,076,465
Deferred income relating to government grant	6,366,618	-	-	-	6,366,618
Payable to Federal Government of Nigeria	18,453,250	-	-	-	18,453,250
Borrowings	23,133,382	-	-	-	23,133,382
Total monetary financial liabilities	68,068,849	1,338,383	-	-	69,407,232
Net financial asset FCY exposure	-	433,976,754	420,428	6,212,062	440,609,244
Sensitivity at 5% appreciation	-	(21,698,838)	(21,021)	(310,603)	(22,030,462)
Sensitivity at 5% depreciation	-	21,698,838	21,021	310,603	22,030,462
Group 31 December 2018	Naira N '000	USD N '000	Euro N '000	Total N '000	
Cash and cash equivalents	25,450,064	48,205,869	188,357	73,844,290	
Investment securities (at amortized cost)	-	287,443,046	-	287,443,046	
Investment securities (at FVTPL) - Monetary	-	49,804,646	-	49,804,646	
Restricted balances and other assets	456,363	35,124,807	-	35,581,170	
Total monetary financial assets	25,906,427	420,578,368	188,357	446,673,152	
Trade payables	273,388	1,460,574	-	1,733,962	
Other payables	3,708,804	15,047,640	-	18,756,444	
Deferred income relating to government grant	8,951,162	-	-	8,951,162	
Payable to Federal Government of Nigeria	18,294,839	-	-	18,294,839	
Borrowings	26,052,673	-	-	26,052,673	
Total monetary financial liabilities	57,280,866	16,508,214	-	73,789,080	
Net financial asset FCY exposure	-	404,070,154	188,357	404,258,511	
Sensitivity at 5% appreciation	-	(20,203,508)	(9,418)	(20,212,926)	
Sensitivity at 5% depreciation	-	20,203,508	9,418	20,212,926	

Notes to the Financial Statements cont'd

Authority

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	Naira N '000	USD N '000	Euro N '000	Yen N '000	Total N '000
Cash and cash equivalents	139,534,683	45,780,896	420,428	-	185,736,007
Investment securities (at amortized cost)	-	93,681,632	-	-	93,681,632
Investment securities (at FVTPL)	-	220,787,942	-	6,212,062	227,000,004
Investment securities (at FVOCI)	523,000	3,156,993	-	-	3,679,993
Restricted balances and other assets	40,443,363	36,182,028	-	-	76,625,391
Total monetary financial assets	180,501,046	399,589,491	420,428	6,212,062	586,723,027
Trade payables	1,721,250	-	-	-	1,721,250
Intercompany payables	8,968,987	-	-	-	8,968,987
Other payables	15,528,802	-	-	-	15,528,802
Total monetary financial liabilities	26,219,039	-	-	-	26,219,039
Net financial asset FCY exposure	-	399,589,491	420,428	6,212,062	406,221,981
Sensitivity at 5% appreciation	-	(19,979,475)	(21,021)	(310,603)	(20,311,099)
Sensitivity at 5% depreciation	-	19,979,475	21,021	310,603	20,311,099

Authority

31 December 2018

	Naira N '000	USD N '000	Euro N '000	Total N '000
Cash and cash equivalents	27,760,064	33,828,914	188,357	61,777,335
Investment securities (at amortized cost)	-	285,232,084	-	285,232,084
Investment securities (at FVTPL)	-	49,804,646	-	49,804,646
Restricted balances and other assets	25,053,608	7,463,900	-	32,517,508
Total monetary financial assets	52,813,672	376,329,544	188,357	429,331,573
Trade payables	1,520,494	-	-	1,520,494
Intercompany payables	1,591,131	-	-	1,591,131
Other payables	15,456,623	-	-	15,456,623
Total monetary financial liabilities	18,568,248	-	-	18,568,248
Net financial asset FCY exposure	-	376,329,544	188,357	376,517,901
Sensitivity at 5% appreciation	-	(18,816,477)	(9,418)	(18,825,895)
Sensitivity at 5% depreciation	-	18,816,477	9,418	18,825,895

Effective closing rate as at 31 December 2019 is N325/ US Dollar (2018: N325/ US Dollar).

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6.4.4 Interest rate risk

Interest rate risk is the risk of loss to net interest income (NII) arising from changes in market interest rates on rate sensitive assets and liabilities.

Net interest income sensitivity

There are two types of scenarios that give rise to interest rate risk. These are where the Group holds variable rate instruments susceptible to cash flow interest rate risk due to a change in market interest rates or the Group holds debts instruments measured at fair value which will be exposed to fair value interest rate risk. The Group holds debts instruments measured at fair value which are exposed to fair value interest rate risk. The table below shows the impact of interest rate changes (increase/decrease) on the Group's fixed interest financial assets carried at fair value and the effect on other comprehensive income.

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Currency swap	62,687,710	762,044	62,687,710	762,044
Private equity investments	57,169,278	43,559,000	37,045,262	26,933,165
Hedge funds and long only equity investments	67,462,348	69,343,323	67,462,348	69,343,323
Nigeria Infrastructure Debt Fund	1,626,000	1,626,000	1,626,000	1,626,000
Fixed income products	30,465,259	22,963,236	30,465,259	22,963,236
US treasury notes	27,713,425	26,841,410	27,713,425	26,841,410
	247,124,020	165,095,013	227,000,004	148,469,178

Net interest income sensitivity

(All amounts are in thousands of Naira)	Impact on	Impact of 5% strengthening	Impact of 5% weakening
Group			
31 December 2019	Profit or loss	12,356,201	(12,356,201)
(All amounts are in thousands of Naira)	Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Group			
31 December 2018	Profit or loss	8,254,751	(8,254,751)
(All amounts are in thousands of Naira)	Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Authority			
31 December 2019	Profit or loss	11,350,000	(11,350,000)
(All amounts are in thousands of Naira)	Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Authority			
31 December 2018	Profit or loss	7,423,459	(7,423,459)

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6.4.5 Equities securities price risk

The Group is exposed to equity securities price risk because of investments held by the Group and recognized on the consolidated statement of financial position at FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The table below summarizes the impact of increases/ decreases on the Group's other comprehensive income and equity. The analysis is based on the assumption that the equity prices had increased/decreased by 5% with all other variables held constant:

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Equity instruments measured at FVOCI	5,759,993	9,474,482	3,679,993	7,934,647
	(5,759,993)	(9,474,482)	(3,679,993)	(7,934,647)

The table below shows the effect in other comprehensive income and equity of changes in available quoted securities (quoted on the London Stock Exchange (LSE)) in the Group. The impact was excluded in the table above. A 5% increase and decrease in the equity price has been used in the sensitivity analysis below:

LSE - Chieftain Hanesbrands Inc.	-	233,779	-	233,779
	-	(233,779)	-	(233,779)

Other comprehensive income would increase/(decrease) as a result of gains/(losses) on equity securities measured at FVOCI by the amounts shown above.

7. FAIR VALUE HIERARCHY

The Group classifies financial instruments measured at fair value in the investment portfolio according to the following hierarchy:

Level	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted) from active markets	Quoted instruments
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)	Equity instruments quoted in over-the counter (OTC) markets
Level 3	Inputs that are not based on observable market data (that is, unobservable inputs)	Unquoted equity instruments and debt instruments

Unquoted equity instruments and debt instruments are measured in accordance with the International Private Equity and Venture Capital valuation guidelines with reference to the most appropriate information available at the time of measurement.

The following tables analyze within the fair value hierarchy the Authority's financial assets (by class) measured at fair value at 31 December 2019. All fair value measurements disclosed are recurring fair value measurements.

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Group

31 December 2019

Investment securities at FVOCI	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total N '000
NG Clearing Ltd	-	-	523,000	523,000
MTN securities and Bridge Academies Limited	3,156,993	-	2,080,000	5,236,993
	3,156,993	-	2,603,000	5,759,993

31 December 2018

Investment securities at FVOCI	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total N '000
NG Clearing Ltd	-	-	523,000	523,000
MTN securities, Bridge Academies Limited and Chieftain Investments	4,675,587	2,736,060	1,539,835	8,951,482
	4,675,587	2,736,060	2,062,835	9,474,482

Authority

31 December 2019

Investment securities at FVOCI	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total N '000
NG Clearing Ltd	-	-	523,000	523,000
MTN securities	3,156,993	-	-	3,156,993
	3,156,993	-	523,000	3,679,993

31 December 2018

Investment securities at FVOCI	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total N '000
NG Clearing Ltd	-	-	523,000	523,000
MTN securities and Chieftain Investments	4,675,587	2,736,060	-	7,411,647
	4,675,587	2,736,060	523,000	7,934,647

Notes to the Financial Statements cont'd

Financial assets at fair value through profit or loss

Group

31 December 2019

	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total N '000
Currency swap (Note 21.3.1)	-	62,687,710	-	62,687,710
Private equity investments	-	-	57,169,278	57,169,278
Hedge funds and long only equity investments	-	-	67,462,348	67,462,348
Nigeria Infrastructure Debt Fund	-	1,626,000	-	1,626,000
US treasury notes	-	27,713,425	-	27,713,425
Fixed income products	-	30,465,259	-	30,465,259
	-	122,492,394	124,631,626	247,124,020

Group

31 December 2018

	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total N '000
Currency swap (Note 21.3.1)	-	762,044	-	762,044
Private equity investments	-	-	43,559,000	43,559,000
Hedge funds and long only equity investments	-	-	69,343,323	69,343,323
Nigeria Infrastructure Debt Fund	-	1,626,000	-	1,626,000
US treasury notes	-	26,841,410	-	26,841,410
Fixed income products	-	22,963,236	-	22,963,236
	-	52,192,690	112,902,323	165,095,013

Authority

31 December 2019

	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total N '000
Currency swap (Note 21.3.1)	-	62,687,710	-	62,687,710
Private equity investments	-	-	37,045,262	37,045,262
Hedge funds and long only equity investments	-	-	67,462,348	67,462,348
Nigeria Infrastructure Debt Fund	-	1,626,000	-	1,626,000
US treasury notes	-	27,713,425	-	27,713,425
Fixed income products	-	30,465,259	-	30,465,259
	-	122,492,394	104,507,610	227,000,004

Authority

31 December 2018

	Level 1 N '000	Level 2 N '000	Level 3 N '000	Total N '000
Currency swap (Note 21.3.1)	-	762,044	-	762,044
Private equity investments	-	-	26,933,165	26,933,165
Hedge funds and long only equity investments	-	-	69,343,323	69,343,323
Nigeria Infrastructure Debt Fund	-	1,626,000	-	1,626,000
US treasury notes	-	26,841,410	-	26,841,410
Fixed income products	-	22,963,236	-	22,963,236
	-	52,192,690	96,276,488	148,469,178

a. Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices as at 31 December 2019. A market is regarded as active if quoted prices are readily and regularly available

Notes to the Financial Statements cont'd

from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

b. Financial instruments in level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. They include investments in equity securities that are not traded in an active market but for which a trading platform exists on which a price can be determined for which market participants would pay in order to purchase the asset as at the reporting date i.e. at the Over-the-Counter alternative markets.

These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

c. Financial instruments in level 3

Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability. The determination of what constitutes 'observable' requires significant judgment by the Authority. The Authority considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. There were no transfers between levels during the year.

Investments in hedge funds and private equity funds measured at FVOCI

In determining the fair value of these investments, the Authority relies on the valuation as reported in the latest available financial statements and/ or capital account statements provided by the investment manager, unless the Authority is aware of reasons that such a valuation may not be the best approximation of fair value. In such cases, the Authority reserves the right to assign a fair value to such investments which differs from the one reported by the investment manager.

The following table presents the changes in level 3 instruments for the year ended 31 December 2019 for financial assets measured at FVOCI.

Notes to the Financial Statements cont'd

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Financial assets measured at FVOCI - Bridge Academies Limited and NG Clearing				
Opening balance	2,062,835	1,143,600	523,000	-
Additions	-	1,139,835	-	523,000
Disposal	(213,835)	-	-	-
Fair value movement	754,000	(299,000)	-	-
Exchange gain	-	78,400	-	-
Closing balance	2,603,000	2,062,835	523,000	523,000
	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Financial assets at fair value through profit or loss - Private equity				
Opening balance	43,559,000	-	26,933,165	-
Additions	22,822,452	9,003,662	9,562,337	6,068,415
Disposals, repayments & distributions received	(10,012,286)	(3,504,546)	(1,762,780)	(2,995,848)
Fair value movement	801,572	(4,282,440)	2,314,000	(1,600,642)
IFRS 9 reclassification	-	40,400,222	-	23,825,778
Exchange gain	(1,460)	1,942,102	(1,460)	1,635,462
Closing balance	57,169,278	43,559,000	37,045,262	26,933,165
	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Financial assets at fair value through profit or loss - Hedge funds				
Opening balance	69,343,323	-	69,343,323	-
Additions	16,799,224	25,953,500	16,799,224	25,953,500
Disposals, repayments & distributions received	(24,771,957)	(16,592,617)	(24,771,957)	(16,592,617)
Fair value movement	6,091,758	(9,221,262)	6,091,758	(9,221,262)
IFRS 9 reclassification	-	64,770,690	-	64,770,690
Exchange gain/(loss)	-	4,433,012	-	4,433,012
Closing balance	67,462,348	69,343,323	67,462,348	69,343,323

Sensitivity analysis of fair value movements for level 3 financial assets measured at FVOCI

The table below shows the sensitivity analysis of fair value movements for level 3 financial assets measured at FVOCI:

Notes to the Financial Statements cont'd

		Group 31 December 2019 N '000	Authority 31 December 2019 N '000
Financial assets measured at FVOCI			
5% changes in fair value movement	Inputs	Difference	Difference
Fair value movement	NAV/Fair value		
Increase		37,700	-
Fair value movement			
Decrease		(37,700)	-

		Group 31 December 2018 N '000	Authority 31 December 2018 N '000
Financial assets measured at FVOCI			
5% changes in fair value movement	Inputs	Difference	Difference
Fair value movement	NAV/Fair value		
Increase		(690,135)	(541,095)
Fair value movement			
Decrease		690,135	541,095

		Group 31 December 2019 N '000	Authority 31 December 2019 N '000
Financial assets at fair value through profit or loss			
5% changes in fair value movement	Inputs	Difference	Difference
Fair value movement	NAV/Fair value		
Increase		40,079	115,700
Fair value movement			
Decrease		(40,079)	(115,700)

		Group 31 December 2018 N '000	Authority 31 December 2018 N '000
Financial assets at fair value through profit or loss			
5% changes in fair value movement	Inputs	Difference	Difference
Fair value movement	NAV/Fair value		
Increase		(554,476)	(546,976)
Fair value movement			
Decrease		554,476	546,976

There were no level 3 instruments classified at fair value through profit or loss in 2018.

Notes to the Financial Statements cont'd

7.1.1 Fair value hierarchy of financial assets and financial liabilities not measured at fair value

Group 31 December 2019 <i>In thousands of Naira</i>	Carrying value	Level 1	Level 2	Level 3	Fair value
Financial assets					
Other receivables	23,536,829	-	-	23,536,829	23,536,829
Trade receivables	9,795,174	-	-	9,795,174	9,795,174
Cost incurred on behalf of related party in respect of Second Niger Bridge	16,113,745	-	-	16,113,745	16,113,745
Restricted balances and other assets	1,500	-	1,500	-	1,500
Financial assets measured at amortized cost	107,859,079	-	107,859,079	-	107,859,079
	157,306,327	-	107,860,579	49,445,748	157,306,327
Financial liabilities					
Borrowings	23,133,382	-	-	23,133,382	23,133,382
Trade payables	2,377,517	-	-	2,377,517	2,377,517
Other payables	19,076,465	-	-	19,076,465	19,076,465
Payables to Federal Government in respect of the Second Niger Bridge	18,453,250	-	-	18,453,250	18,453,250
	63,040,614	-	-	63,040,614	63,040,614
31 December 2018 <i>In thousands of Naira</i>	Carrying value	Level 1	Level 2	Level 3	Fair value
Financial assets					
Other receivables	11,134,143	-	-	11,134,143	11,134,143
Trade receivables	8,333,282	-	-	8,333,282	8,333,282
Cost incurred on behalf of related party in respect of Second Niger Bridge	16,113,745	-	-	16,113,745	16,113,745
Restricted balances and other assets	2,310,000	-	2,310,000	-	2,310,000
Financial assets measured at amortized cost	286,822,091	-	18,578,065	268,251,836	286,829,901
	324,713,261	-	20,888,065	303,833,006	324,721,071
Financial liabilities					
Borrowings	26,052,673	-	-	26,052,673	26,052,673
Trade payables	1,733,962	-	-	1,733,962	1,733,962
Other payables	18,756,444	-	-	18,756,444	18,756,444
Payables to Federal Government in respect of the Second Niger Bridge	18,294,839	-	-	18,294,839	18,294,839
	64,837,918	-	-	64,837,918	64,837,918

Notes to the Financial Statements cont'd

Authority

31 December 2019

In thousands of Naira

	Carrying value	Level 1	Level 2	Level 3	Fair value
Financial assets					
Other receivables	22,646,427	-	-	22,646,427	22,646,427
Account receivables	4,461,410	-	-	4,461,410	4,461,410
Intercompany receivables	49,517,554	-	-	49,517,554	49,517,554
Financial instruments at amortized cost	94,337,449	-	94,337,449	-	94,337,449
	170,962,840	-	94,337,449	76,625,391	170,962,840
Financial liabilities					
Trade payables	1,721,250	-	-	1,721,250	1,721,250
Intercompany payables	8,968,987	-	-	8,968,987	8,968,987
Other payables	15,528,802	-	-	15,528,802	15,528,802
	26,219,039	-	-	26,219,039	26,219,039

31 December 2018

In thousands of Naira

	Carrying value	Level 1	Level 2	Level 3	Fair value
Financial assets					
Other receivables	2,171,076	-	-	2,171,076	2,171,076
Account receivables	3,456,830	-	-	3,456,830	3,456,830
Intercompany receivables	30,346,432	-	-	30,346,432	30,346,432
Financial instruments at amortized cost	285,232,084	-	14,139,820	274,971,114	289,110,934
	321,206,422	-	14,139,820	310,945,452	325,085,272
Financial liabilities					
Trade payables	1,520,494	-	-	1,520,494	1,520,494
Intercompany payables	1,591,131	-	-	1,591,131	1,591,131
Other payables	15,456,623	-	-	15,456,623	15,456,623
	18,568,248	-	-	18,568,248	18,568,248

8. FUND INFORMATION

The Authority has three Funds being the Stabilization Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF). Each of the Funds is managed separately as they entail different investment objectives and strategies and contain investments in different products. For each of the Funds, the management reviews the internal management report. The objective and principal investment products of the respective reportable segments are as follows:

Stabilization Fund (SF)

To provide stabilization support to the Federation in times of economic stress

Future Generation Fund (FGF)

To invest in a diversified portfolio of appropriate growth investments in order to provide future generation of Nigerians a solid savings base for such a time as the hydrocarbon reserves in Nigeria are exhausted

Nigeria Infrastructure Fund (NIF)

To invest in infrastructure projects in Nigeria that meet our targeted financial returns and contribute to the development of essential infrastructure in Nigeria

Notes to the Financial Statements cont'd

Information regarding the results of each Fund is included below. Performance is measured based on Fund as included in the internal management reports. Funds profitability is used to measure performance as the directors believe that such information is most relevant in evaluating the profitability of each fund.

	Stabilization Fund	Future Generations	Nigeria Infrastructure Fund	Unallocated Fund	Total
31 December 2019	N'000	N'000	N'000	N'000	N'000
Interest income	4,728,307	9,939,140	12,289,983	66,946	27,024,376
Investment income	3,158,421	1,879,024	(4,567,613)	10,053	479,886
Interest income on instrument measured at FVPL	820,232	-	6,464,398	-	7,284,630
Net gain on financial assets	863,949	4,272,511	(3,487,182)	1,182,654	2,831,932
Net foreign exchange gains/(losses)	653,782	686,089	(51,658)	946	1,289,159
Total operating segment income	10,224,691	16,776,764	10,647,928	1,260,600	38,909,983
Investment management fees	(65,139)	(1,161,598)	(1,924)	-	(1,228,662)
Local custodian fees	(7,076)	(7,139)	(5,496)	-	(19,711)
Foreign custodian fees	(30,748)	(125,556)	(10,045)	(14,806)	(181,155)
Impairment charge on financial assets	-	-	1,118,687	89,550	1,208,237
Total fund investment management & custodian fees	(102,963)	(1,294,293)	1,101,222	74,744	(221,291)
Total operating fund profit	10,121,728	15,482,471	11,749,150	1,335,344	38,688,692
Revenue from infrastructure subsidiaries investment	-	-	31,965,979	-	31,965,979
Expense from infrastructure subsidiaries investment	-	-	(35,662,535)	-	(35,662,535)
Loss from infrastructure subsidiaries investment	-	-	(3,696,556)	-	(3,696,556)
Other income	-	-	6,177,310	946,600	7,123,910
Operating and administrative expenses	(426)	(550,663)	(1,266,625)	(2,445,588)	(4,263,302)
Total operating and administrative expenses	(426)	(550,663)	(1,266,625)	(2,445,588)	(4,263,302)
Finance cost	-	-	(4,539,030)	(7,526)	(4,546,556)
Share of profit of investment in associate	-	-	1,363,940	-	1,363,940
Profit before tax	10,121,302	14,931,808	9,788,188	(171,170)	34,670,128
Taxation	-	(202,364)	-	-	(202,364)
Profit after tax	10,121,302	14,729,444	9,788,188	(171,170)	34,467,764
Profit attributable to:					
Owners of NSIA	10,121,302	14,729,444	9,796,909	(171,170)	34,476,485
Non-controlling interest	-	-	(8,721)	-	(8,721)
	10,121,302	14,729,444	9,788,188	(171,170)	34,467,764

Notes to the Financial Statements cont'd

	Stabilization Fund	Future Generations Fund	Nigeria Infrastructure	Unallocated Fund	Total
31 December 2019 contd.	N'000	N'000	N'000	N'000	N'000
Reportable fund assets					
Cash and cash equivalents	69,312,400	68,842,897	77,892,334	-	216,047,631
Investment securities	48,725,492	135,885,011	175,476,772	-	360,087,275
Restricted balances and other assets	-	2,491,175	35,304,814	13,223,562	51,019,551
Inventories			4,615,646		4,615,646
Investment in associate			15,226,911		15,226,911
Property and equipment	-	-	2,128,372	370,522	2,498,894
Right of use assets			206,417	43,488	249,905
Intangible assets				100,235	100,235
	118,037,892	207,219,083	310,851,266	13,737,807	649,846,048
Reportable fund liabilities					
Other liabilities	1,443,453	-	45,733,787	-	47,177,240
Borrowings	-	-	23,133,382	-	23,133,382
	1,443,453	-	68,867,169	-	70,310,622
	Stabilization Fund	Future Generations Fund	Nigeria Infrastructure	Unallocated Fund	Total
31 December 2018	N'000	N'000	N'000	N'000	N'000
Interest income	3,823,619	11,490,431	8,494,318	9,848	23,818,216
Investment income	575,057	1,469,123	1,164,032	-	3,208,212
Interest income on instrument measured at FVPL	161,101	493,622	141,802	-	796,525
Net gain on financial assets	(669,772)	1,249,818	(334,086)	-	245,960
Net foreign exchange gain	4,938,373	5,378,109	7,679,155	56,554	18,052,191
Total operating segment income	8,828,378	20,081,103	17,145,221	66,402	46,121,104
Investment management fees	(36,212)	(850,939)	-	-	(887,151)
Local custodian fees	(15,696)	(23,907)	(6,010)		(45,613)
Global custodian fees	(5,032)	(54,080)	(10,739)	(19,778)	(89,629)
Impairment charge on financial assets	(64,166)	(129,262)	(750,495)	-	(943,923)
Total operating fund profit	8,707,272	19,022,915	16,377,977	46,624	44,154,788
Revenue from infrastructure subsidiaries investment	-	-	27,403,230	-	27,403,230
Expense from infrastructure subsidiaries investment	-	-	(30,608,117)	-	(30,608,117)
Loss from infrastructure subsidiaries investment -	-	3,204,887)	-	(3,204,887)	
Other income	-	1,016,780	10,379,868	8,610	11,405,258
Operating and administrative expenses	(707,034)	(1,410,122)	(836,988)	(808,081)	(3,762,225)
Interest expense	-	-	(2,617,160)	-	(2,617,160)
Share of profit of investment in associate	-	-	209,300	-	209,300
Profit before tax	8,000,238	18,629,573	20,308,110	(752,847)	46,185,074

Notes to the Financial Statements cont'd

	Stabilization Fund	Future Generations Fund	Nigeria Infrastructure	Unallocated Fund	Total
<i>31 December 2018 contd.</i>	N'000	N'000	N'000	N'000	N'000
Taxation	-	(219,461)	-	(219,461)	
Profit for the year from continuing operations	8,000,238	18,410,112	20,308,110	(752,847)	45,965,613
Profit from discontinued operations	-	-	538,816	-	538,816
Profit for the year	8,000,238	18,410,112	20,846,926	(752,847)	46,504,429
Profit attributable to:					
Owners of NSIA	8,000,238	18,409,220	20,846,925	(752,847)	46,503,536
Non-controlling interest	-	893	-	-	893
	8,000,238	18,408,327	20,846,925	(752,847)	46,502,643
Reportable fund assets					
Cash and cash equivalents	17,493,387	25,260,097	18,017,973	13,072,833	73,844,290
Investment securities	92,776,689	195,350,614	173,264,283	-	461,391,586
Other assets	1,013,794	2,418,184	42,892,636	174,755	46,499,369
Inventories	-	-	20,685,075	-	20,685,075
Investments accounted for using the equity method	-	-	13,647,879	-	13,647,879
Investment in subsidiary	-	-	-	-	-
Property and equipment	-	-	1,344,066	272,950	1,617,016
Intangible assets	-	-	-	12,893	12,893
	111,283,870	223,028,895	269,851,912	13,533,431	617,698,108
Reportable fund liabilities					
Other liabilities	1,411,906	658,791	30,236,130	15,951,222	48,258,049
Borrowings	-	-	26,052,673	-	26,052,673
	1,411,906	658,791	56,288,803	15,951,222	74,310,722

Notes to the Financial Statements cont'd

9. INTEREST INCOME

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Interest income on Nigerian treasury bills	1,254,466	305,283	526,876	-
Interest income on fixed deposits	5,804,399	5,905,172	5,671,315	5,905,172
Interest income on open market operation bills	19,060,426	16,195,559	19,060,426	16,195,559
Interest income on Eurobonds	338,456	1,250,077	338,456	1,250,077
Interest income on bank balances	566,629	162,125	566,629	162,125
	27,024,376	23,818,216	26,163,702	23,512,933

10. INVESTMENT INCOME

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Investment income from securities	479,886	3,208,212	464,505	1,386,859
	479,886	3,208,212	464,505	1,386,859

11. INTEREST INCOME ON FINANCIAL ASSETS AT FVTPL

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Interest income on US treasury note	527,177	440,462	527,177	440,462
Interest income from fixed income products	293,055	356,063	293,055	356,063
Interest income on Open Market operations bill	6,464,398	-	6,464,398	-
	7,284,630	796,525	7,284,630	796,525

12. NET GAIN ON FINANCIAL ASSETS

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Net gain on financial assets at fair value through profit or loss (Note 12.1)	2,304,636	536,178	3,068,688	1,174,257
Net gain/loss on US treasury notes and fixed income products	527,296	(290,218)	527,296	(290,218)
	2,831,932	245,960	3,595,984	884,039

Notes to the Financial Statements cont'd

12.1 Net gain on financial assets at fair value through profit or loss (FVTPL)

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Unrealized gain on financial swap	(2,188,744)	762,044	(2,188,744)	762,044
Realized (loss)/gain on financial swap	(4,462,409)	3,230,018	(4,462,409)	3,230,018
Fair value changes on private equity, hedge funds and other securities	9,598,712	(5,868,673)	10,362,764	(4,724,175)
Net (loss)/gain on sale of equity instruments	(642,923)	2,412,789	(642,923)	1,906,370
	<u>2,304,636</u>	<u>536,178</u>	<u>3,068,688</u>	<u>1,174,257</u>

The reduction in the Group's Net gain on financial assets at fair value through profit or loss in relation to the Authority's is due to the performance of private equity funds within the subsidiary entities which is based on the respective funds' life cycle.

13. NET FOREIGN EXCHANGE GAIN

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Net foreign exchange gain	1,289,159	18,052,191	1,288,894	18,901,727
	<u>1,289,159</u>	<u>18,052,191</u>	<u>1,288,894</u>	<u>18,901,727</u>

14. IMPAIRMENT (WRITE BACK)/CHARGE ON FINANCIAL ASSETS

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Financial assets at amortized cost	(1,208,237)	943,923	965,076	321,761
	<u>(1,208,237)</u>	<u>943,923</u>	<u>965,076</u>	<u>321,761</u>

14.1 The following tables explain the changes in the loss allowance of financial assets between the beginning and the end of the annual period:

Group	Stage 1	Stage 2	Stage 3		
31 December 2019	12-month	Lifetime	Lifetime	Purchased	Total
	ECL	ECL	ECL	Credit-	
	N '000	N '000	N '000	impaired	N '000
Loss allowance as at 1 January 2019	2,955,668	-	-	-	2,955,668
Movements with P/L impact					
Changes on financial assets during the year	(1,208,237)	-	-	-	(1,208,237)
Total net P/L charge during the period	(1,208,237)	-	-	-	(1,208,237)
Loss allowance as at 31 December 2019	<u>1,747,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,747,431</u>

Notes to the Financial Statements cont'd

Group 31 December 2018	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased Credit- impaired	Total
	N '000	N '000	N '000	N '000	N '000
Loss allowance as at 1 January 2018	2,011,745	-	-	-	2,011,745
Movements with P/L impact					
Changes on financial assets during the year	940,655	-	-	-	940,655
FX and other movements	3,268	-	-	-	3,268
Total net P/L charge during the period	943,923	-	-	-	943,923
Loss allowance as at 31 December 2018	2,955,668	-	-	-	2,955,668

Authority 31 December 2019	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased Credit- impaired	Total
	N '000	N '000	N '000	N '000	N '000
Loss allowance as at 1 January 2019	570,855	-	-	-	570,855
Movements with P/L impact					
Changes on financial assets during the year	965,076	-	-	-	965,076
Total net P/L charge during the period	965,076	-	-	-	965,076
Loss allowance as at 31 December 2019	1,535,931	-	-	-	1,535,931

Authority 31 December 2019	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased Credit- impaired	Total
	N '000	N '000	N '000	N '000	N '000
Loss allowance as at 1 January 2018	249,094	-	-	-	249,094
Movements with P/L impact					
Changes on financial assets during the year	318,493	-	-	-	318,493
FX and other movements	3,268	-	-	-	3,268
Total net P/L charge during the period	321,761	-	-	-	321,761
Loss allowance as at 31 December 2018	570,855	-	-	-	570,855

Other movements with no P&L impact

There were no transfers across the stage 1 to stage 3 and there was no write off during the year.

Notes to the Financial Statements cont'd

15. REVENUE FROM INFRASTRUCTURE SUBSIDIARIES INVESTMENTS

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Revenue from sale of fertilizers	31,965,979	27,403,230	-	-
	<u>31,965,979</u>	<u>27,403,230</u>	<u>-</u>	<u>-</u>

Revenue from sale of fertilizer represent revenue from sale of finished and packaged fertilizer to Agro-dealers and State Governments.

16. EXPENSE FROM INFRASTRUCTURE SUBSIDIARIES INVESTMENTS

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Cost of sales of fertilizers	35,662,535	30,608,117	-	-
	<u>35,662,535</u>	<u>30,608,117</u>	<u>-</u>	<u>-</u>

Note 16.1

16.1. Cost of sales of fertilizers

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Raw materials consumed	23,594,620	19,618,251	-	-
Blending plants fees	4,091,627	3,399,132	-	-
Direct trucking, storage and other logistics	6,126,350	5,272,195	-	-
Logistics and collateral management fees	215,427	-	-	-
Fertilizer clearing and testing expense	3,461	2,318,539	-	-
Inventory write off	1,631,050	-	-	-
	<u>35,662,535</u>	<u>30,608,117</u>	<u>-</u>	<u>-</u>

Unauthorized Lifting of Fertilizer Products at Blending Plants under the Presidential Fertilizer Initiative

The Presidential Fertilizer Initiative (PFI) being implemented by a subsidiary of the NSIA (NAIC-NPK Limited) continues to sustain the production and distribution of NPK 20:10:10 fertilizer. To secure the inventory of raw materials and finished goods, the Federal Government of Nigeria set-up a joint task force of security forces to monitor the movement of both the raw materials and finished goods. The Authority also ensures that the blending plants selected to implement the program are accredited based on stringent selection criteria.

Despite the best efforts by all parties concerned to forestall stock loss and ensure raw material inputs translate to output for domestic production of NPK 20:10:10, some incidence of unauthorized lifting of the product was discovered at Bauchi Fertilizer Company and Bejafta Group Nigeria Limited, two of the blending plants participating in the PFI. The development has been escalated to the security agencies for

Notes to the Financial Statements cont'd

investigation. In the interim, the NSIA has de-listed the aforementioned blending plants where the fraud was identified from participating in the 2020 PFI until the amounts owed, in the sum of ₦600 million and ₦1.031 billion by Bauchi Fertilizer Company and Bejafta Group Nigeria Limited respectively, are fully settled.

In line with the relevant accounting standards, the full amount of ₦1.631 billion has been recorded as inventory loss in the financial statements and charged to the income statement.

17. OTHER INCOME

	31 December 2019 N '000	31 December 2018 N '000	31 December 2019 N '000	31 December 2018 N '000
Fiduciary income	985,631	1,036,042	946,600	1,025,390
Subsidy from Federal Government of Nigeria on cost differential on fertilizer sales	3,553,735	8,600,000	-	-
Benefit from below market rate loan	2,584,544	1,769,216	-	-
	7,123,910	11,405,258	946,600	1,025,390

In 2018, N1.01 billion of fiduciary income relates to fund management fees earned on management of Nigeria Bulk Electricity Trading Plc (NBET) funds. While N858 million of the 2019 fiduciary income relates to fund management fees earned from the Presidential Infrastructure Development Fund in 2018 and 2019.

Subsidy from the Federal Government of Nigeria on cost differentials on sales of fertilizer relates to approved disbursement by the Federal Government of Nigeria for cost differential on the sales of fertilizer by the Group subsidiary NAIC-NPK Ltd. The subsidy amount of N3.55 billion (2018: N8.6 billion) was granted to the group to settle the shortfalls of the 2019 Presidential Fertilizer Initiative (PFI).

Benefit from below market rate loan arose from the straight line amortization of the fair value of the benefit over the tenor of the borrowing. See Note 30.1 for additional information

18. OPERATING AND ADMINISTRATIVE EXPENSES

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Personnel expenses (Note 18.1)	1,869,840	1,927,726	1,816,928	1,927,727
Directors expenses (Non-executives)	101,600	100,000	101,600	100,000
Depreciation	170,905	57,818	159,865	57,818
Amortization	1,636	63	1,636	63
Audit fees	82,500	71,900	48,000	41,900
Non-audit fees	16,000	15,000	16,000	15,000
Other professional fees	859,165	488,039	705,536	361,218
General and administrative expenses	618,574	855,930	596,954	533,047
Office rent and other expenses	158,705	190,493	152,516	190,494
Travel expenses	384,377	55,256	170,361	55,256
	4,263,302	3,762,225	3,769,396	3,282,523

Notes to the Financial Statements cont'd

18.1. Personnel expenses

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Salaries and allowances	1,774,242	1,824,341	1,721,330	1,824,342
Defined contribution plan	95,598	103,385	95,598	103,385
	1,869,840	1,927,726	1,816,928	1,927,727

19. INTEREST EXPENSE

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Effective interest on borrowings	4,539,030	2,617,160	-	-
Interest on lease liabilities	7,526	-	7,526	-
	4,546,556	2,617,160	7,526	-

Effective interest on borrowings relates to the interest expense the Group incurred in connection with the borrowing of funds. The amount borrowed was provided by the Central Bank of Nigeria to NAIC-NPK (a subsidiary of the Group) to finance the Presidential Fertilizer Initiative for which the Authority initially provided stop-gap financing. See notes 30 for details of the borrowings.

20. CASH AND CASH EQUIVALENTS

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Cash on hand	2,944	133	2,944	133
Bank balances	138,865,158	43,908,683	108,553,534	29,531,728
Money market placements	77,179,529	29,935,474	77,179,529	32,245,474
	216,047,631	73,844,290	185,736,007	61,777,335

Cash at banks earn interest at floating rates based on daily bank deposit rates. Money market placements are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents is as disclosed above.

21. INVESTMENT SECURITIES

		Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Financial assets measured at amortized cost	21.1	107,203,262	286,822,091	93,681,632	285,232,084
Financial assets measured at FVOCI	21.2	5,759,993	9,474,482	3,679,993	7,934,647
Financial assets at fair value through profit or loss	21.3	247,124,020	165,095,013	227,000,004	148,469,178
		360,087,275	461,391,586	324,361,629	441,635,909

Notes to the Financial Statements cont'd

21.1 Financial assets measured at amortized cost

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Eurobonds	-	10,260,970	-	10,260,970
Nigerian treasury bills	925,744	3,984,976	925,744	3,984,976
Open market operations bills (OMO bills)	9,302,663	178,487,028	-	178,487,028
Fixed deposits	95,974,599	93,069,036	93,411,705	93,069,036
Loans and receivables	1,656,073	1,641,036	-	-
	107,859,079	287,443,046	94,337,449	285,802,010
Impairment /Expected Credit loss	(655,817)	(620,955)	(655,817)	(569,926)
	107,203,262	286,822,091	93,681,632	285,232,084
<i>Maturity analysis:</i>				
Current	107,203,262	286,822,091	93,681,632	285,232,084
	107,203,262	286,822,091	93,681,632	285,232,084

The investment securities reported by the Group at the end of the year 2019 includes N2.56billion fixed deposits representing the unspent funds belonging to the Federal Government of Nigeria in relation to the Second Niger Bridge project. These balances are not available for use in the Group's liquidity management activities (2018: Nil)

21.1.1 Impairment /Expected Credit loss

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
As at 1 January	620,955	-	569,926	-
Charge for the year	34,862	-	85,891	-
Provision for expected credit losses	655,817	620,955	655,817	569,926
As at 31 December	655,817	620,955	655,817	569,926

21.2 Financial assets measured at FVOCI

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
<i>Equity instruments</i>				
NG Clearing Ltd	523,000	523,000	523,000	523,000
MTN securities, Bridge Academies Limited and Chieftain Investments	5,236,993	8,951,482	3,156,993	7,411,647
	5,759,993	9,474,482	3,679,993	7,934,647
<i>Maturity analysis:</i>				
Non-current	5,759,993	9,474,482	3,679,993	7,934,647
	5,759,993	9,474,482	3,679,993	7,934,647

Notes to the Financial Statements cont'd

21.3 Financial assets at fair value through profit or loss

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Currency swap (Note 21.3.1)	62,687,710	762,044	62,687,710	762,044
Private equity investments	57,169,278	43,559,000	37,045,262	26,933,165
Hedge funds and long only equity investments	67,462,348	69,343,323	67,462,348	69,343,323
Nigeria Infrastructure Debt Fund	1,626,000	1,626,000	1,626,000	1,626,000
Fixed income products	30,465,259	22,963,236	30,465,259	22,963,236
US treasury notes	27,713,425	26,841,410	27,713,425	26,841,410
	247,124,020	165,095,013	227,000,004	148,469,178
<i>Maturity analysis:</i>				
Current	120,866,394	17,238,887	120,866,394	17,238,887
Non-current	126,257,626	147,856,126	106,133,610	131,230,291
	247,124,020	165,095,013	227,000,004	148,469,178

21.3.1 For swap instruments, the balance in 2019 shows the fair value of the financial assets arising from the currency swap transactions with the Central Bank of Nigeria (CBN) and the underlying asset. The derivative liability and the underlying asset have been offset in line with the requirement of IFRS. The notional contract amount of \$180million (2018: \$515million) represents the basis on which the changes in fair value were measured. The notional amount indicates that the volume of transactions as at the year end and are indicative of neither the market risk nor the credit risk. As a result of the counterparty involved, we have assessed the impact of credit risk on the financial asset to be minimal, as the counterparty (CBN) is backed by the sovereign guarantee of the Federal Government of Nigeria. In lieu of the foregoing, a credit value adjustment was not effected on the fair valuation of the derivative.

Notes to the Financial Statements cont'd

22. RESTRICTED BALANCES AND OTHER ASSETS

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
<i>Financial assets:</i>				
Other receivables (22.1)	23,536,829	11,134,143	22,646,427	2,171,076
Account receivables	9,795,174	8,333,282	4,461,410	3,456,830
Intercompany receivables	-	-	49,517,554	30,346,432
Cost incurred on behalf of the Federal Government of Nigeria	16,113,745	16,113,745	-	-
Restricted balances	1,500	2,310,000	-	-
	49,447,248	37,891,170	76,625,391	35,974,338
Impairment /Expected Credit loss (22.2)	(1,101,976)	(2,334,713)	(880,113)	(929)
Total financial assets	48,345,272	35,556,457	75,745,278	35,973,409
<i>Non-financial assets:</i>				
Prepayment	2,674,279	10,942,912	133,540	109,269
Total other assets	51,019,551	46,499,369	75,878,818	36,082,678
<i>Maturity analysis:</i>				
Current	-	-	-	-
Non-current	51,019,551	46,499,369	75,878,818	6,082,678
	51,019,551	46,499,369	5,878,818	36,082,678

Cost incurred on behalf of the Federal Government of Nigeria relates to the cost the Group has incurred on behalf of the Federal Government of Nigeria on the Second Niger Bridge project.

Restricted balances relates to cash held by NSIA Motorways Investment Company Limited on behalf of the Federal government which are not available for use in the Company's daily operations.

Expected credit losses on trade receivables from the Group's subsidiary NAIC-NPK Limited has been accounted for in line with the applicable financial reporting standards. Subsequent to the reporting date, the Company has recovered its receivable balance in full from the various obligors.

22.1 Other receivables

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Receivable from CBN (Matured Treasury bill proceeds)	4,001,000	-	4,000,000	-
LUTH Advanced Medical Service-Deposit for Shares	3,409,780	1,775,665	3,409,780	1,775,665
Receivable from Presidential Infrastructure Development Fund	14,824,830	30,002	14,824,830	30,002
Receivable: Others	1,300,135	8,978,389	411,733	16,322
Receivables from Associates & Joint Ventures	1,084	350,087	84	349,087
	23,536,829	11,134,143	22,646,427	2,171,076

Notes to the Financial Statements cont'd

22.2 Impairment/expected credit loss on other assets

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
As at 1 January	2,334,713	-	929	-
(Write back)/charge for the year	(1,232,737)	2,334,713	879,184	929
Provision for expected credit losses	1,101,976	2,334,713	880,113	929
As at 31 December	1,101,976	2,334,713	880,113	929

23. INVENTORIES

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Raw materials	1,921,575	8,991,275	-	-
Finished goods	2,694,071	11,693,800	-	-
	4,615,646	20,685,075	-	-
<i>Maturity analysis:</i>				
Current	4,615,646	20,685,075	-	-
	4,615,646	20,685,075	-	-

There were no inventories pledged as security for liabilities. (2018: NIL)

24. INVESTMENTS IN SUBSIDIARIES

	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
At the beginning of the year	5,116,826	16,085,655
Additions during the year	1,000	-
Acquisition of non-controlling interest in KG Brussels		8,125
Reclassification to shares held in FGFs	(3,372,553)	
Disposal of subsidiary/loss of control	-	(10,968,829)
At the end of the year	1,753,398	5,116,826
Investment types:		
Investment in equity shares	1,753,398	5,116,826
	1,753,398	5,116,826
<i>Maturity analysis:</i>		
Non-current	1,753,398	5,116,826
	1,753,398	5,116,826

During the year, the Authority divested its investment from KG Brussels to the FGF subsidiaries. The Authority's increased investment in the FGF subsidiaries were recognized as prepayments rather than investments in the book of NSIA as they are yet to be recognized as ordinary share capital in the book of the FGF subsidiaries.

Notes to the Financial Statements cont'd

24.1 Information on subsidiary entities controlled by the Authority

Name of Entity	Place of business/ Country of Incorporation	% of ownership interest	% of ownership interest	Carrying amount	Carrying amount
		31 December 2019	31 December 2018	31 December 2019 N '000	31 December 2018 N '000
NSIA Motorways Investment Company (NMIC) (I)	Nigeria	99.99%	99.99%	1,000	1,000
KG Brussels LP (ii)	USA	100%	99.7%	1,744,398	5,108,826
FGF Private Equity Co. Limited (iii)	Nigeria	99.99%	99.99%	1,000	1,000
FGF Investments Limited (iv)	Nigeria	99.99%	99.99%	1,000	1,000
NSIA Agriculture Investment Company (v)	Nigeria	99.99%	99.99%	1,000	-
FGF PE Beta Limited (vi)	Nigeria	99.99%	99.99%	1,000	1,000
NSIA Property Investment Company Limited (vii)	Nigeria	99.99%	99.99%	1,000	1,000
NSIA Power Investment Company Limited (viii)	Nigeria	99.99%	99.99%	1,000	1,000
NSIA Healthcare Development and Investment Company Limited (ix)	Nigeria	99.99%	99.99%	1,000	1,000
NSIA Investment Management Company	Nigeria	100.00%	0.00%	1,000	-
				<u>1,753,398</u>	<u>5,115,826</u>

- I. NSIA Motorways Investment Corporation is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in the development of roads, bridges, toll plaza and related road transport infrastructure. The Company was incorporated in 2014.
- ii. KG Brussels LP became a wholly-owned subsidiary after the Authority acquired 0.03% shares, representing non-controlling interest, from Carmona Motley. KG Brussels LP was incorporated in 2014 and it holds a portfolio of investments in other private equity investee funds. During the financial year, there was a reallocation of financial assets from KG Brussels to FGFs, which led to a reduction in the capital apportionment owned by NSIA.
- iii. FGF Private Equity Co. Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities. The Company was incorporated in 2015.
- iv. FGF Investments Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities and other investments. The Company was incorporated in 2015.

Notes to the Financial Statements cont'd

- v. NAIC is a wholly owned subsidiary of NSIA, domiciled in Nigeria. It was set-up to carry on the business of agricultural investment and management, investment in the agricultural land and businesses of all kinds. The Company was incorporated in 2016.
- vi. FGF PE Beta Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities. The Company was incorporated in 2015.
- vii. NSIA Property Investment Company Limited is a wholly-owned subsidiary set up to invest in and to purchase, acquire, hold, develop, work and turn to account any land (of any tenure), landed property or real estate of any kind. The Company was incorporated in 2014.
- viii. NSIA Power Investment Company Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in the development of infrastructure related to power including but not limited to gas turbines, transmission lines, and other generation, transmission and distribution infrastructure and equipment. The Company was incorporated in 2014.
- ix. NSIA Healthcare Development and Investment Company Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was established to invest in any company, corporation, authority or body involved in or any arrangement related to healthcare infrastructure or healthcare service delivery and/or management. The Company was incorporated in 2014.

The Authority also has indirect interests in the following subsidiaries:

	Place of business/ Country of Incorporation	% of ownership interest 31 December 2019	% of ownership interest 31 December 2018
FMCU Advanced Medical Diagnostics Limited (x)	Nigeria	90%	90%
AKTH Advanced Medical Diagnostics Limited (xi)	Nigeria	90%	90%
NAIC-NPK Limited (xii)	Nigeria	100%	100%

- x. FMCU Advanced Medical Diagnostics Limited is a limited liability company established to carry out business as providers of modern medical pathology laboratory, radiography, and ancillary healthcare services. The Company was incorporated in 2016.
 - xi. AKTH Advanced Medical Diagnostics Limited is a limited liability company established to carry out business as providers of modern medical pathology laboratory, radiography, and ancillary healthcare services. The Company was incorporated in 2017.
 - xii. NAIC-NPK Limited liability company incorporated in 2016. It was established under Nigeria Agriculture Investment Company (100% ownership) to establish, run and carry on business as proprietors of fertilizer plants and to manufacture, treat, process, produce, supply and deal in fertilizers and all substances (natural or artificial) suited to improving the fertility of soil or water.
- 24.2 Loss of control in Infrastructure Credit Guarantee Company Limited (InfraCredit)
In 2018, Infacredit received \$21.98 million and N991.5 million from Africa Finance Corporation (AFC), as additional investment in the company. This amount represents AFC's investment in the Company.

Notes to the Financial Statements cont'd

The Company recognized this investment in share capital as at the end of 2018 financial year. The additional investment led to dilution of ownership and also loss of control in the Company by the Nigeria Sovereign Investment Authority as at 2018 reporting date. The Authority now recognizes its investment in Infracredit as a joint venture which is accounted for using equity accounting in line with IAS 28 - investments in associates and joint venture.

As stated above, there was loss of control of the Group's investment in Infracredit through sale of 50% equity interest to a new shareholder during the year ended 31 December 2018. See "investments accounted for using the equity method" in note 25 for more information.

	Authority 2018 N'000
Opening balance	9,014,500
Cash paid for purchase of shares in subsidiary	-
Transfer from investment in subsidiary to joint venture	(9,014,500)

25 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognized in the statement of financial position are as follows;

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Associates and joint ventures	15,226,911	13,647,879	10,614,990	10,614,990

The amounts recognized in the statement of comprehensive income are as follows:

Associates	1,579,032	269,260	-	-
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The below shows a detailed movement of this balance:

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
At the beginning of the year	13,647,879	2,453,380	10,614,990	1,600,490
Additions during the year	-	10,925,239	-	9,014,500
Share of profit of associate and joint venture	1,363,940	209,300		-
Share of fair value reserves of associate and joint venture	215,092	59,960		-
At the end of the year	15,226,911	13,647,879	10,614,990	10,614,990

Maturity analysis:

Non-current	15,226,911	13,647,879	10,614,990	10,614,990
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Notes to the Financial Statements cont'd

Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at 31 December 2019. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Group

Name of Entity		Place of business/ Country of Incorporation	% of ownership interest	% of ownership interest	Carrying amount	Carrying amount
			31 Dec. 2019	31 Dec. 2018	31 Dec. 2019 N '000	31 Dec. 2018 N '000
Investment in associates						
Nigeria Mortgage Refinance Company (NMRC)	25.1	Nigeria	20.91%	20.91%	3,497,573	2,758,781
Family Homes Funds Limited (FHFL)	25.2	Nigeria	49%	49%	57,610	-
Panda Agriculture Operations and Management Ltd	25.3	Mauritius	30%	30%	-	-
Pandagric Novum Ltd	25.4	Nigeria	30%	30%	-	-
					3,555,183	2,758,781

Authority

Name of Company		Place of business/ Country of Incorporation	% of ownership interest	% of ownership interest	Carrying amount	Carrying amount
			31 Dec.	31 Dec.	31 Dec.	31 Dec.
			2019	2018	2019	2018
Investment in joint venture					N '000	N '000
LUTH Advanced Medical Services Limited	25.5	Nigeria	50%	50%	-	-
UFF-NAIC Agriculture Management Company (Mauritius) Limited	25.6	Mauritius	50%	50%	-	1,009
UFF-NAIC Agriculture Investment Company (Mauritius) Limited	25.7	Mauritius	50%	50%	2,137,161	1,870,802
Panda Agricultural Properties Management Ltd	25.8	Mauritius	50%	50%	-	-
Panda Agricultural Properties Management Ltd	25.9	Nigeria	50%	50%	-	-
Infrastructure Credit Guarantee Company Limited	25.10	Nigeria	50%	50%	9,534,567	9,017,288
Total investment in joint venture					11,671,728	10,889,099
Total investments in joint ventures and associates					15,226,911	13,647,880

Notes to the Financial Statements cont'd

Name of Company		Place of business/ Country of Incorporation	% of ownership interest	% of ownership interest	Carrying amount	Carrying amount
			31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
					N '000	N '000
Investment in Associates						
Nigeria Mortgage Refinance Company (NMRC)	25.1	Nigeria	20.91%	20.91%	1,600,000	1,600,000
Family Homes Funds Limited (FHFL)	25.2	Nigeria	49%	49%	490	490
Panda Agriculture Operations and Management Ltd	25.3	Mauritius	30%	30%	-	-
Pandagric Novum Ltd	25.4	Nigeria	25%	25%	-	-
					<u>1,600,490</u>	<u>1,600,490</u>

Name of Company		Place of business/ Country of Incorporation	% of ownership interest	% of ownership interest	Carrying amount	Carrying amount
			31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
					N '000	N '000
Investment in Joint Venture						
Infrastructure Credit Guarantee Company Limited	25.10	Nigeria	50%	50%	9,014,500	9,014,500
					<u>9,014,500</u>	<u>9,014,500</u>
Total investment in joint ventures and associates					<u>10,614,990</u>	<u>10,614,990</u>

The Authority has indirect investments in joint ventures in the following entities:

UFF-NAIC Agriculture Management Company (Mauritius) Limited	25.6	Mauritius	50%	50%	3,052	3,052
UFF-NAIC Agriculture Investment Company (Mauritius) Limited	25.7	Mauritius	50%	50%	1,907,188	1,907,188
LUTH Advanced Medical Services Limited (LUTH)	25.5	Nigeria	50%	50%	500	500
					<u>1,910,740</u>	<u>1,910,740</u>

Investment in associates

25.1 Nigeria Mortgage Refinance Company (NMRC)

Nigeria Mortgage Refinance Company (NMRC) is a government business entity and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Group's interest in the associate. Set out below are the summarized financial information for NMRC which is accounted for using the equity method.

25.2 Family Homes Fund Limited (FHFL)

Family Homes Fund Limited (FHFL) is an innovative private sector driven financing solution to Nigeria's

Notes to the Financial Statements cont'd

housing challenges. An initiative of the Federal Ministry of Finance and established in September 2016. There are no contingent liabilities relating to the Group's interest in the associate. Set out below are the summarized financial information for FHFL which is accounted for using the equity method.

25.3 **Panda Agriculture Operations and Management Ltd**

A company limited by shares and incorporated in Mauritius on the 2nd of February 2018 with company number 153361. The company operates and manages all farms, assets and land acquired by Panda Agricultural Properties Management Limited. This entity is owned by UFF-NAIC Agriculture Investment Company (Mauritius) Limited and Novum Holdings Ltd – a non-Group entity.

25.4 **Pandagric Novum Ltd**

A company limited by shares and incorporated in Nigeria on the 16th of November 2017. The company is currently owned by Panda Agricultural Operations & Management (Mauritius) Ltd and Panda Agricultural Properties Management Ltd - a Nigerian entity duly incorporated in Nigeria. Pandagric Novum Limited has been established to sell, purchase, import, export, take or let or hire or lease, repair, alter, improve, deal in machinery, equipment, implements, tools, accessories, used for developing, growing, raising, processing, packaging of all kinds of agricultural products. It can also carry on the businesses of farming, production, harvesting, procurement, grading, pooling, marketing agriculture and horticulture in all their forms. The company is able to enter into partnerships, joint ventures, concessions and generally collaborate with other entities in the development of integrated farms and businesses. The company currently operates and manages the farm assets acquired by Panda Agricultural Properties Management Limited

Investment in joint ventures

25.5 **LUTH Advanced Medical Services Limited (LUTH)**

Luth Advanced Medical Services Limited was established to carry on business as providers of modern medical pathology laboratory services, provide modern radiography services, provide healthcare services, establish other medical diagnostic centers as may be determined from time to time by the board of directors and to encourage the discovery of new medical and/ or surgical management of diseases and afflictions. The Company was incorporated in 2016.

25.6 **UFF-NAIC Agriculture Management Company (Mauritius) Limited**

A company incorporated in Mauritius on the 8th June 2017 with registration number 147877. This company is a special purpose vehicle (SPV) company owned by UFF Management (Mauritius) Limited and NSIA Agriculture Investment Company Limited.

It was established to provide asset management services and investment management and advisory services exclusively to the UFF-NAIC Agriculture Investment Company (Mauritius) Limited and/or to each of the shareholders and/or its affiliates and ancillary activities.

25.7 **UFF-NAIC Agriculture Investment Company (Mauritius) Limited**

UFF-NAIC Agriculture Investment Company (Mauritius) Limited was incorporated in Mauritius on the 27th March 2017 with company number 146100. The company is a joint venture between NSIA and Old Mutual

Notes to the Financial Statements cont'd

African Agricultural Fund. An initial commitment of USD25mn from NSIA and Old Mutual African Agricultural Fund has been made with a target of a total commitment size of USD200mn from other third parties. Although the funds to the joint venture are provided by Old Mutual African Agricultural Fund, UFF Management Limited act as representatives on behalf of Old Mutual.

The fund is currently pursuing farmland and agribusiness investments as well as high technology driven agriculture in the various parts of Nigeria.

25.8 **Panda Agricultural Properties Management Ltd**

A company limited by shares and incorporated in Mauritius on the 6th of February 2018 with company number 153425. The company has been established to acquire farms, agricultural land and fixed assets and lease such farms and assets to Panda Operations and Management.

25.9 **Panda Agricultural Properties Management Ltd**

A company limited by shares and incorporated in Nigeria on the 9th of November 2017. The company is owned by Panda Agricultural Properties Management (Mauritius) Limited and UFF-NAIC Agriculture Investment Company (Mauritius) Limited. The company has been established to sell, purchase, import, export, take or let or hire or lease, repair, alter, improve, deal in machinery, equipment, implements, tools, accessories, used for developing, growing, raising, processing, packaging of all kinds of agricultural products. It can also carry on the businesses of farming, production, harvesting, procurement, grading, pooling, marketing agriculture and horticulture in all their forms. The company has acquired farm assets from Novum Agric Industries in pursuit of its objectives.

25.10 **Infrastructure Credit Guarantee Company Limited (Infracredit)**

This is a Company jointly owned with African Finance Corporation (AFC). The company provides local currency guarantees to enhance the credit quality of debt instruments issued to finance creditworthy infrastructure assets in Nigeria that conform with its eligibility criteria. The Company was incorporated in 2016. The Company was a fully owned subsidiary of the Nigeria Sovereign Investment Authority until 19 December 2018. However, on 19 December 2018, the Authority lost control due to additional investment in Infracredit by African Finance Corporation (AFC). This investment by AFC has now diluted the investment in Infracredit to an "investment in joint venture"

25.10.1 The Group lost control of Infracredit during the year 2018 as stated above. This was as a result of additional investment in Infracredit by Africa Finance Corporation (AFC) during the period. The Group assessed that it exercises joint control over the investee company through it's retained interest of 50%.

25.10.2 The Authority's share of the joint ventures financial position is as shown below:

Notes to the Financial Statements cont'd

Set out below are/is the associate(s) of the group as at 31 December 2018, which, in the opinion of the directors, are material to the group."

	31 December 2019 N '000	31 December 2018 N '000
Balance at start of the year	9,017,288	-
Fair value of retained interest in joint venture	-	9,014,500
Share of associate's profit	517,280	2,788
Carrying amount as at 31 December 2019	9,534,568	9,017,288

25.10.3 Transfer of assets from KG Brussels to FGFs entities

Set out below are/is the associate(s) of the group as at 31 December 2018, which, in the opinion of the directors, are material to the group."

KG Brussels	31 December 2019 N '000
Balance at start of the year	5,735,038
Additional Investment	45,801
Returns of capital	(41,506)
Fair value changes	(480,971)
Transfer to FGFs' entities	(5,209,759)
Balance at the end of the year	48,603

The investment securities are recognized at their fair value.

Notes to the Financial Statements cont'd

Summarized financial information associates

Set out below are the financial information of the associates of the Group as at 31 December 2019, which, in the opinion of the directors, are material to the Group.

	NMRC		FHFL	
	31 December 2019 N '000	31 December 2018 N '000	31 December 2019 N '000	31 December 2018 N '000
Summarized statement of comprehensive income				
Interest income	9,610,997	7,079,510	901,200	155,001
Interest expense	(4,198,011)	(3,177,341)	-	-
Other income	7,093	6,741	-	-
Impairment allowance (ECL)	(141,065)	6,981	-	-
Depreciation and amortization	(172,413)	(177,083)	(13,834)	(633)
Personnel expenses	(901,201)	(819,333)	(464,159)	(102,777)
Operating expenses	(1,108,027)	(983,979)	(305,635)	(175,216)
Profit before tax	3,097,373	1,935,496	117,572	(123,625)
Income tax	(78,917)	(94,387)	-	-
Profit/(loss) for the year	3,018,456	1,841,109	117,572	(123,625)
Other comprehensive income	514,745	(92,105)	-	-
Total comprehensive income	3,533,201	1,749,004	117,572	(123,625)

	NMRC		FHFL	
	31 December 2019 N '000	31 December 2018 N '000	31 December 2019 N '000	31 December 2018 N '000
Summarized statement of financial position				
Cash and cash equivalents	7,354,230	6,505,444	2,054,150	12,620,971
Loans and advances	18,339,488	17,024,218	-	-
Investment securities	46,509,890	45,033,440	5,519,028	-
Inventories	-	-	12,590,689	8,789,834
Other assets	121,220	142,433	548,947	95,494
Investment properties	-	-	1,259,966	1,259,966
Property and equipment	519,944	545,727	102,844	2,245
Intangible assets	22,535	40,620	2,109	368
Total assets	72,867,307	69,291,882	22,077,733	22,768,878
Other liabilities	1,198,908	662,702	234,891	21,201,697
Tax liabilities	78,603	93,917	400,171	365,737
Borrowings	37,598,419	37,598,419	1,500,000	1,500,000
Debt securities issued	17,264,522	17,743,249	-	-
Total liabilities	56,140,452	56,098,287	2,135,062	23,067,434

Notes to the Financial Statements cont'd

	NMRC		FHFL	
	31 December 2019 N '000	31 December 2018 N '000	31 December 2019 N '000	31 December 2018 N '000
Capital and reserves				
Share capital	2,125,444	2,125,444	1,000	1,000
Share premium	5,925,233	5,925,231	-	-
Retained earnings	5,610,014	3,497,055	(58,329)	(299,557)
Statutory reserves	2,509,635	1,604,080	-	-
FGN grant	-	-	20,000,000	-
Fair value reserves	556,530	41,785	-	-
Total equity	16,726,856	13,193,595	19,942,671	(298,557)
Total liabilities and equity	72,867,308	69,291,882	22,077,733	22,768,877

Reconciliation of the summarized financial information presented to the carrying amount of its interest in NMRC and FHFL

	NMRC		FHFL	
	31 December 2019 N '000	31 December 2018 N '000	31 December 2019 N '000	31 December 2018 N '000
Net assets of associate/joint venture	16,726,856	13,193,595	19,942,671	(298,557)
Group share of net assets	3,497,573	2,758,781	57,610	(146,293)
Carrying value of associate	3,497,573	2,758,781	57,610	-
Difference	-	-	-	(146,293)
Share of losses not recognized	-	-	-	146,293

Notes to the Financial Statements cont'd

Summarized financial information of joint ventures

Set out below are the financial information of the joint ventures of the Group as at 31 December 2019, which, in the opinion of the directors, are material to the Group.

	InfraCredit		LUTH	
	31 December 2019 N '000	31 December 2018 N '000	31 December 2019 N '000	31 December 2018 N '000
Summarized statement of comprehensive income				
Revenue from contracts with customers	-	-	-	379,184
Cost of sales	-	-	(184,920)	-
Interest and investment income	2,329,300	524,155	-	-
Net foreign exchange gain/loss	9,792	79,130	-	-
Guarantee fee income	642,416	340,000	-	-
Other income	13,322	34,226	1,153	350
Guarantee fee expense	(123,409)	(78,079)	-	-
Impairment loss on financial assets	(44,097)	(47,436)	-	-
Operating expenses	(1,792,765)	(682,398)	(692,810)	-
Profit/(loss) for the year	1,034,559	169,598	(497,393)	350
Total comprehensive income	1,034,559	169,598	(497,393)	350

	InfraCredit		LUTH	
	31 December 2019 N '000	31 December 2018 N '000	31 December 2019 N '000	31 December 2018 N '000
Summarized statement of financial position				
Cash and cash equivalents	13,025,708	13,763,541	458,325	-
Investment securities	29,092,303	17,413,426	-	-
Other assets	2,924,961	933,958	22,244	1,000
Property and equipment	240,912	122,378	2,753,301	1,675,620
Right of use asset	217,141	-	-	-
Intangible assets	47,866	2,133	150,563	-
Total assets	45,548,891	32,235,436	3,384,433	1,676,620
Deposit for shares	-	-	2,982,279	-
Other liabilities	3,639,417	1,756,389	968,369	1,776,165
Debt capital	23,170,389	12,813,690	-	-
Total liabilities	26,809,806	14,570,079	3,950,648	1,776,165
Capital and reserves				
Ordinary share capital	1,983,190	1,983,190	1,000	1,000
Preference shares capital	16,045,810	6,045,810	-	-
Retained earnings	710,085	(363,643)	(567,215)	(100,545)
Total equity	18,739,085	17,665,357	(566,215)	(99,545)
Total liabilities and equity	45,548,891	32,235,436	3,384,433	1,676,620

Notes to the Financial Statements cont'd

Reconciliation of the summarized financial information presented to the carrying amount of its interest in Infracredit and LUTH

	Infracredit		LUTH	
	31 December 2019 N '000	31 December 2018 N '000	31 December 2019 N '000	31 December 2018 N '000
Net assets of associate/joint venture	18,739,085	17,665,357	(566,215)	(99,545)
Group share of net assets	9,534,567	8,832,679	(566,215)	(99,545)
Carrying value of associate	9,369,543	8,832,679	-	-
Difference	-	-	(566,215)	(99,545)
Share of losses not recognized	-	-	(566,215)	(99,545)

Infracredit was a subsidiary in the past financial year, thus there are no comparative numbers

	UFF-NAIC Agriculture Management Company (Mauritius) Limited		UFF-NAIC Agriculture Investment Company (Mauritius) Limited	
	31 December 2019 N '000	31 December 2018 N '000	31 December 2019 N '000	31 December 2018 N '000
Summarized statement of comprehensive income				
Unrealized gain on financial assets	-	-	355,476	-
Interest income	-	-	-	12,687
Project related cost	-	(20,476)	-	(1,165,869)
Other income	14,469	27,782	-	1,337,749
Operating expenses	(18,017)	(7,923)	(37,677)	(617,863)
Profit before tax	(3,548)	(617)	317,799	(433,296)
Income tax	-	-	-	(306)
Loss for the period	(3,548)	(617)	317,799	(433,602)
Other comprehensive income	-	-	214,917	599,862
Total comprehensive loss	(3,548)	(617)	532,716	166,260
Loss attributable to:				
Parent	-	-	-	(355,309)
Non controlling interest	-	-	-	(78,294)
	-	-	-	(433,603)
Total comprehensive income attributable to:				
Parent	-	-	-	228,682
Non controlling interest	-	-	-	(62,422)
	-	-	-	166,260

Notes to the Financial Statements cont'd

	UFF-NAIC Agriculture Management Company (Mauritius) Limited		UFF-NAIC Agriculture Investment Company (Mauritius) Limited	
	31 December 2019 N '000	31 December 2018 N '000	31 December 2019 N '000	31 December 2018 N '000
Summarized statement of financial position				
Cash and cash equivalents	224	83	10,745	3,685,793
Investment securities	-	-	3,880,556	146,250
Other assets	31,236	35,068	455,695	282,908
Property and equipment	-	-	-	619,120
Total assets	31,460	35,151	4,346,996	4,734,071
Other liabilities	30,976	31,118	72,677	991,346
Total liabilities	30,976	31,118	72,677	991,346
Capital and reserves				
Share capital	12,006	12,006	4,063,131	4,063,131
Retained earnings	(11,505)	(7,957)	(130,085)	(447,884)
Currency translation reserves	(17)	(16)	341,273	126,356
Non controlling interest	-	-	-	1,122
Total equity	484	4,033	4,274,319	3,742,725
Total liabilities and equity	31,460	35,151	4,346,996	4,734,071

	UFF-NAIC Agriculture Management Company (Mauritius) Limited		UFF-NAIC Agriculture Investment Company (Mauritius) Limited	
	31 December 2019 N '000	31 December 2018 N '000	31 December 2019 N '000	31 December 2018 N '000
Net assets of associate/joint venture	484	4,033	4,274,319	3,741,603
Group share of net assets	-	2,017	2,137,160	1,870,802
Carrying value of associate	-	2,017	2,137,160	1,870,802

26. LEASES

Group as a lessee

The Group has lease contracts for its office building. The lease have lease terms of 2 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

Notes to the Financial Statements cont'd

	Group 31 December 2019 N '000	Authority 31 December 2018 N '000
As at 1 January 2019	304,338	86,976
Depreciation expense	(54,433)	(43,488)
As at 31 December 2019	<u>249,905</u>	<u>43,488</u>

Set out below are the carrying amounts of lease liabilities (included under other liabilities) and the movements during the period:

	Group 31 December 2019 N '000	Authority 31 December 2019 N '000
As at 1 January	86,976	86,976
Accretion of interest	7,526	7,526
Payments	(48,000)	(48,000)
	<u>46,502</u>	<u>46,502</u>
Current	46,502	46,502
Non-current	-	-
	<u>46,502</u>	<u>46,502</u>

The following are the amounts recognized in profit or loss:

	Group 31 December 2019 N '000	Authority 31 December 2019 N '000
Depreciation expense of right-of-use assets	54,433	43,488
Interest expense on lease liabilities	7,526	7,526
Total amount recognized in profit or loss	<u>61,959</u>	<u>51,014</u>

The Group had total cash outflows for leases of N48 million in 2019.

Notes to the Financial Statements cont'd

27. PROPERTY AND EQUIPMENT

	Furniture and fittings N '000	Motor vehicles N '000	Computer equipment N '000	Office equipment N '000	Assets under construction N '000	Total N '000
Cost						
As at 1 January 2018	116,382	182,523	193,249	21,889	16,113,745	16,627,788
Additions	37,600	207,322	37,048	295	1,343,974	1,626,239
Loss of control in subsidiary*	(38,951)	(55,000)	(54,972)	(20,113)	-	(169,036)
Transfer of asset **	-	-	-	-	(16,113,745)	(16,113,745)
As at 31 December 2018	115,031	334,845	175,325	2,071	1,343,974	1,971,246
As at 1 January 2019	115,031	334,845	175,325	2,071	1,343,974	1,971,246
Additions	22,394	190,961	595	-	784,398	998,348
As at 31 December 2019	137,425	525,806	175,920	2,071	2,128,372	2,969,594
Accumulated depreciation						
As at 1 January 2018	77,431	126,674	112,123	5,000	-	321,228
Loss of control in subsidiary*	(12,999)	(4,526)	(2,611)	(4,680)	-	(24,816)
Charge for the year	9,170	24,068	24,313	267	-	57,818
As at 31 December 2018	73,602	146,216	133,825	587	-	354,230
As at 1 January 2019	73,602	146,216	133,825	587	-	354,230
Charge for the year	16,991	82,058	16,172	1,249	-	116,470
As at 31 December 2019	90,593	228,274	149,997	1,836	-	470,700
Carrying amount						
As at 31 December 2019	46,832	297,532	25,923	235	2,128,372	2,498,894
As at 31 December 2018	41,429	188,629	41,500	1,484	1,343,974	1,617,016
	Furniture and fittings N '000	Motor vehicles N '000	Computer equipment N '000	Office equipment N '000	Total N '000	
Cost						
As at 1 January 2018		77,431	113,739	138,278	1,776	331,224
Additions		37,600	207,322	37,048	295	282,265
As at 31 December 2018		115,031	321,061	175,326	2,071	613,489
As at 1 January 2019		115,031	321,061	175,326	2,071	613,489
Additions		22,394	190,961	594	-	213,949
As at 31 December 2019		137,425	512,022	175,920	2,071	827,438
Accumulated depreciation						
As at 1 January 2018		70,128	106,904	104,369	1,320	282,721
Charge for the year		9,170	24,068	24,313	267	57,818
As at 31 December 2018		79,298	130,972	128,682	1,587	340,539
As at 1 January 2019		79,298	130,972	128,682	1,587	340,539
Charge for the year		11,295	83,518	21,315	249	116,377
As at 31 December 2019		90,593	214,490	149,997	1,836	456,916
Carrying amount						
As at 31 December 2019		46,832	297,532	25,923	235	370,522
As at 31 December 2018		35,733	190,089	46,644	484	272,950

Notes to the Financial Statements cont'd

*In 2018, Infrastructure Credit Guarantee Company Limited changed from a subsidiary to an associate due to the loss of control by the Authority. Consequently, the assets and liabilities of Infracredit ceased being recognized as part of the Group's assets but now accounted for using equity method.

**In 2018, the assets under construction held by NSIA Motorways Investment Company (NMIC) were reclassified to other assets. Additional disclosures for the assets are shown under other assets as "Cost incurred on behalf of the Federal Government of Nigeria in respect of the Second Niger Bridge".

*There are no capitalized borrowing cost.

*There were no impairment during the year.

28. INTANGIBLE ASSETS

	Group N '000	Authority N '000
Software - 31 December 2019		
Cost		
Balance at 1 January 2019	37,558	37,396
Additions	88,978	88,978
Balance at 31 December 2019	126,536	126,374
Accumulated amortization		
Balance at 1 January 2019	24,665	24,503
Charge for the year	1,636	1,636
Balance at 31 December 2019	26,301	26,139
Carrying amount		
Balance at 31 December 2019	100,235	100,235
Software - 31 December 2018		
Cost		
Balance at 1 January 2018	25,803	24,503
Additions	12,893	12,893
Loss of control in subsidiary	(1,138)	-
Balance at 31 December 2018	37,558	37,396
Accumulated amortization		
Balance at 1 January 2018	24,602	24,440
Charge for the year	63	63
Balance at 31 December 2018	24,665	24,503
Carrying amount		
Balance at 31 December 2018	12,893	12,893

There were no impairment losses during the year (2018: nil).

Notes to the Financial Statements cont'd

29. OTHER LIABILITIES

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Trade payables	2,377,517	1,733,962	1,721,250	1,520,494
Intercompany payables	-	-	8,968,987	1,591,131
Other payables (29.1)	19,076,465	18,756,444	15,528,802	15,456,623
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge (29.2)	18,453,250	18,294,839	-	-
Deferred income on RSSF borrowing (29.3)		6,366,618	8,951,162	-
Lease liability	46,502	-	46,502	-
Accruals	856,888	284,034	750,029	347,267
Non financial liability:				
Tax liabilities (29.4)	-	237,608	-	-
	47,177,240	48,258,049	27,015,570	18,915,515
Maturity analysis:				
Current	24,650,375	22,723,115	18,000,081	18,915,515
Non-current	22,526,865	25,534,934	9,015,489	-
	47,177,240	48,258,049	27,015,570	18,915,515

29.1 Other payables

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Statutory obligations (29.1.1)	1,099,475	255,717	1,162,145	255,717
Payable to Associates	1,490	490	1,490	490
Payable to Presidential Infrastructure Development fund (PIDF) (37e)	6,145,519	13,071,754	6,145,519	13,071,754
Payable to Federal Government Stabilisation Fund (37c)	4,004,724	1,697,280	3,919,379	1,697,280
Payable to contractors	2,980,257	2,906,203	1,050,269	431,382
Payable to CBN	4,845,000	825,000	3,250,000	-
	19,076,465	18,756,444	15,528,802	15,456,623

29.1.1 Statutory obligations consist of payments for withholding tax liability, pension payable and other obligations that are required by the law.

29.2 This represents the total amount received from the Federal Government of Nigeria in respect of the construction of the Second Niger Bridge of Nigeria project. The total cost incurred to date on the project and the unspent cash are included in the other assets as "cost incurred on behalf of the Federal Government" and "restricted balances respectively. Remaining unspent balance is disclosed in Note 21.1.

29.3 Deferred income on Real Sector Support Facility (RSSF) borrowing relates to the deferred income on the below the market rate loan obtained from Union Bank of Nigeria Plc and United Bank for Africa Plc. The loans were secured for the Federal Government of Nigeria's Presidential Fertilizer Initiative scheme under the Central Bank of Nigeria's Real Sector Support Facility (RSSF) scheme. The fair value of the grant was recognized initially on the grant date and subsequently amortized on a straight line basis over the tenor of the loan. There were no unfulfilled conditions relating to the grant as at the reporting date. The total grant to date is N35billion. An interest expense of N4.539 billion relating to this facility has been disclosed in the statement of comprehensive income for the year 2019. See note 30.1 for additional details.

Notes to the Financial Statements cont'd

29.4 Income tax payable

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Opening balance	237,608	397,772	-	-
Tax expense during the period	202,364	219,461	-	-
Paid during the year	(439,972)	(113,630)	-	-
Exchange difference	-	(265,995)	-	-
	-	237,608	-	-

30. BORROWINGS

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Financial liabilities at amortized cost				
Real Sector Support Facility (RSSF) (30.1)		23,133,382	26,052,673	-
	23,133,382	26,052,673	-	-

- 30.1** The amount borrowed was provided by the Central Bank of Nigeria to NAIC-NPK (a subsidiary of the Group) to finance the Presidential Fertilizer Initiative for which the Authority initially provided stop-gap financing. A total amount of N40 billion was approved by the Central Bank of Nigeria, however, the company has drawn down N35 billion at the end of the reporting period. The tenor of the loan is 6 years and interest rate is at a below market rate of 5%. This borrowing will be repaid from the proceeds of fertilizer sale. The deferred income element of N6.37 billion (2018: N8.95billion) is shown in Note 29. The income recognized during the year was N2.584 billion (2018: N1.769billion), this is shown in Note 17.

Maturity analysis:

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Current	3,219,661	3,219,661	-	-
Non-current	19,913,721	22,833,012	-	-
	23,133,382	26,052,673	-	-

31. EQUITY AND RESERVES

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Contribution by Government	280,662,500	280,662,500	280,662,500	280,662,500
Retained earnings	291,026,827	256,550,342	287,750,520	253,690,496
Fair value reserve	3,941,139	1,786,620	3,430,497	2,245,070
Foreign currency translation reserve	3,907,858	4,382,101	-	-
Non-controlling interest	(2,898)	5,823	-	-
	579,535,426	543,387,386	571,843,517	536,598,066

Notes to the Financial Statements cont'd

31.1 Retained earnings

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Opening balance	256,550,342	170,402,086	253,690,496	170,859,498
Adjustment to opening balance as a result of IFRS 9 adoption	-	(2,011,745)	-	(249,094)
Profit for the year	34,476,485	46,503,536	34,060,024	42,036,469
Reclassification from fair value reserves as a result of adoption of IFRS 9	-	41,656,465	-	41,043,623
	<u>291,026,827</u>	<u>256,550,342</u>	<u>287,750,520</u>	<u>253,690,496</u>

31.2 Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of equity instruments. The amounts are never transferred to profit or loss under IFRS 9 even when the investments are derecognized.

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Opening balance	1,786,620	43,190,981	2,245,070	43,497,310
Change in value of financial assets measured at FVOCI	1,939,427	192,144	1,185,427	(208,617)
Net amount transferred retained earning				
Share of change in value of financial assets measured at FVOCI - (Associates)	215,092	59,960	-	
Reclassification to retained earnings as a result of adoption of IFRS 9		(41,656,465)	-	(41,043,623)
	<u>3,941,139</u>	<u>1,786,620</u>	<u>3,430,497</u>	<u>2,245,070</u>

31.3 Foreign currency translation reserve

The currency translation reserve includes the net cumulative change in the foreign gains or (losses) arising from translation of the financial statements of subsidiaries with US Dollars as functional currency into the Group's presentation currency. The amounts presented within other comprehensive income are the gross amounts as the companies is exempted from income taxes.

	Group 31 December 2019 N '000	Group 31 December 2018 N '000
Opening balance	4,382,101	6,801,726
Exchange differences arising during the year	(474,243)	(2,419,625)
	<u>3,907,858</u>	<u>4,382,101</u>

Notes to the Financial Statements cont'd

31.4 Non-controlling interest (NCI)

	Group 31 December 2019 N '000	Group 31 December 2018 N '000
Opening balance	5,823	4,730
(Loss)/profit attributable to NCI	(8,721)	893
Fair value changes	-	(846)
Currency translation differences	-	1,046
	<u>(2,898)</u>	<u>5,823</u>

32. DISCONTINUED OPERATIONS

In 2018, InfraCredit received \$21.98 million and N991.5 million from Africa Finance Corporation (AFC), as additional investment in the company. This amount represents AFC's investment in the Company. The Company recognized this investment in share capital as at the end of the year 2018. The additional investment led to dilution of ownership and also loss of control in the Company by the Nigeria Sovereign Investment Authority as at 31 December 2018.

Analysis of the result of discontinued operations and the result recognized in the re-measurement of assets or disposal group is as shown below:

Summarized statement of comprehensive income

	19 December 2018 N '000
Interest and investment income	506,922
Net foreign exchange gain	76,528
Guarantee fee income	328,822
Other income	33,101
Guarantee fee expense	(75,512)
Impairment loss on financial assets	(45,877)
Operating expenses	(654,355)
Profit before tax	<u>169,629</u>
Profit for the period	<u>169,629</u>
Total comprehensive income	<u>169,629</u>

The value of the net assets for the subsidiary disposed at the date of disposal is as follows:

Summarized statement of financial position

	19 December 2018 N '000
Total assets	<u>23,215,360</u>
Total liability	14,570,079
Equity	<u>8,645,281</u>
	<u>23,215,360</u>

Notes to the Financial Statements cont'd

32.1 Calculation of Group gain on deemed disposal

	N'000
Fair value of 50% interest retained	9,014,500
Less:	
Net asset derecognized	(8,645,281)
Gain on deemed disposal	369,219
Profit for the period	169,597
Profit from discontinued operations	538,816

32.2 Calculation of Authority/Company gain on deemed disposal

	N'000
Fair value of 50% interest retained	9,014,500
Cost of investment deemed disposed	(9,014,500)
Remeasurement gain/loss	-

33. CAPITAL MANAGEMENT

The Group is to maintain a strong capital base in order to retain the confidence of the Nigerian people and the market with a bid to sustain future developments for the business. Management monitors the return on capital by reviewing monthly performance returns from investment managers.

The Group monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total liabilities, comprising payables to counterparties and other obligations, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio at 31 December 2019 was as follows:

	Group 31 December 2019 N '000	Group 31 December 2018 N '000	Group 31 December 2019 N '000	Authority 31 December 2018 N '000
Cash and cash equivalents	216,047,631	73,844,290	185,736,007	61,777,335
Less: Total liabilities	(70,310,622)	(74,310,722)	(27,015,570)	(18,915,515)
Net surplus	145,737,009	(466,432)	158,720,437	42,861,820
Total equity	579,535,426	543,387,386	571,843,517	536,598,066
Adjusted equity	579,535,426	543,387,386	571,843,517	536,598,066
Net surplus to adjusted equity ratio	25%	0%	28%	8%

Notes to the Financial Statements cont'd

34. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. NSIA is the ultimate parent of the Group.

As disclosed in the investment in subsidiaries, associates and joint venture notes, FMCU Advanced Medical Diagnostics Ltd, AKTH Advanced Medical Diagnostics Limited, Lagos-Ibadan Expressway Development Company Limited, Abuja-Kano Expressway Development Company Limited, East-West Expressway Development Company Limited, Mambilla Hydropower Development Company Limited are sub-subsidiaries of the Authority and are related parties in accordance with the applicable standards.

NMRC, FHFL, Panda Agricultural Properties Management (Mauritius) Limited and Pandagric Novum Limited are associates of the Authority.

UFF-NAIC Management Company (Mauritius) Limited, UFF-NAIC Agriculture Investment Company (Mauritius) Limited, Panda Agricultural Properties Management Ltd, Panda Agricultural Properties Management (Mauritius) Limited, LUTH Advanced Medical Services Ltd and Infrastructure Credit Guarantee Company Limited (INFRACREDIT) are Jointly controlled by other entities and are therefore also related parties.

The following are the balances with the Federal Government of Nigeria during the year:

	Group 31 December 2019	Group 31 December 2018
	N '000	N '000
Payables to the Federal Government of Nigeria in respect of the Second Niger Bridge	18,453,250	18,294,839
Cost incurred on behalf of the Federal Government of Nigeria in respect of Second Niger Bridge.	16,113,745	16,113,745

Compensation of key management personnel

The Authority's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The members of the board of the Authority did not hold any shares in the Authority during or as at the end of the year. The compensation paid or payable to key management for employee services is shown below:

Directors' remuneration and expenses:

	Group 31 December 2019 N '000	Group 31 December 2018 N '000
Executive compensation	1,024,880	1,179,559
Non-executive directors fees and other benefits	101,600	100,000
Defined contribution plan	47,300	53,566
	1,173,780	1,333,125

Balances with subsidiaries

The Authority has the following receivables from the underlisted subsidiaries as at the reporting date:

Notes to the Financial Statements cont'd

	Type of interests	31 December 2019 N '000	31 December 2018 N '000
NSIA Motorways Investments Company	Subsidiary	604,224	604,224
NSIA Property Investment Co. Limited	Subsidiary	1,743,385	1,743,385
NSIA Power Investment Co. Limited	Subsidiary	800	800
NSIA Healthcare Development and Investment Co. Limited	Subsidiary	871,978	573,504
FGF Private Equity Co. Limited	Subsidiary	16,338,280	4,586,172
FGF P. E. Beta Limited	Subsidiary	1,700	221,542
FGF Investment Limited	Subsidiary	1,600	2,656,186
NSIA Agriculture Investment Company	Subsidiary	3,983,208	3,983,208
FMCU Advanced Medical Diagnostics Limited	Sub-subsidiary	943,933	561,455
AKTH Advanced Medical Diagnostics Limited	Sub-subsidiary	738,460	271,278
NAIC-NPK Limited	Sub-subsidiary	24,289,986	15,144,678
Presidential Infrastructure Development Fund	Trustee	14,824,830	30,002
		64,342,384	30,376,434
	Type of interests	31 December 2019 N '000	31 December 2018 N '000
NSIA Motorways Investments Company	Subsidiary	33,597	1,000
NSIA Property Investment Co. Limited Subsidiary	Subsidiary	1,000	1,000
NSIA Healthcare Development and Investment Co. Limited	Subsidiary	1,000	1,000
FGF Private Equity Co. Limited	Subsidiary	1,000	1,000
FGF P. E. Beta Limited	Subsidiary	1,000	1,000
NAIC-NPK Limited	Sub-subsidiary	8,884,590	1,489,479
FGF Investment Limited	Subsidiary	1,000	74,452
NSIA Agriculture Investment Company	Subsidiary	19,200	19,200
NSIA Power Investment Co. Limited	Subsidiary	1,000	1,000
Presidential Infrastructure Development Fund	Trustee	6,145,519	13,071,754
		15,088,906	14,660,885

The Authority has the following receivables to the underlisted associates and joint ventures as at the reporting date:

	Type of interests	31 December 2019 N '000	31 December 2018 N '000
LUTH Advanced Medical Services Limited	Joint venture	3,409,780	1,775,665
Infrastructure Credit Guarantee Company Limited	Joint venture	-	245,324
		3,409,780	2,020,989

Notes to the Financial Statements cont'd

Related party transactions	Nature of relationship	Nature of transaction	Amount (₦)
NAIC-NPK	Subsidiary	Audit fees	19,500,000
NMIC	Subsidiary	Audit fees	1,000,000
KG Brussels L.P.	Subsidiary	Audit fees	500,000
FGF Investments Ltd	Subsidiary	Audit fees	1,250,000
FGF Private Equity Co. Ltd	Subsidiary	Audit fees	2,000,000
FGF Beta	Subsidiary	Audit fees	2,000,000
NSIA Healthcare Dev. & Invest Co.	Subsidiary	Audit fees	1,500,000
NSIA Property Inv.	Subsidiary	Audit fees	1,300,000
NSIA Power Inv.	Subsidiary	Audit fees	1,250,000
NSIA Agric Inv. Co	Subsidiary	Audit fees	1,400,000
FMCU Advanced Med.	Sub-subsidiary	Audit fees	1,400,000
AKTH Advanced Med.	Joint Venture	Audit fees	1,400,000
Panda Agricultural Properties Mgt Ltd***	Associate	Audit fees	5,000,000
Pandagric Novum Limited***	Associate	Audit fees	10,000,000

The audit expenses were incurred by the Authority on behalf of the subsidiaries, sub-subsidiaries and a joint venture and they are to be back-charged to them.

During the year ended, there were no related party transaction relating to the following:

- Provisions for doubtful debts related to the amount of outstanding balances
- Expense recognized during the year in respect of bad or doubtful debts due from related parties.

35. OTHER CONTRACTS

The investment activities of the three separate funds established by the Authority were managed by various investment managers engaged during the year.

35.1 Stabilization fund

The Authority engaged the following investment manager through its global custodian JP Morgan for the management of the Stabilization Fund. The details of the investment manager as of year end are:

UBS Global Asset Management (UK) LTD

Engagement and Service

The Authority engaged UBS Global Asset Management Ltd as its agent and delegate to manage the investment and reinvestment of certain monies and assets, deposited from time to time by the Authority and held by JP Morgan. UBS Global Asset Management Company provides the Authority with reports containing the transactions, valuations and portfolio performance of the account on a monthly, quarterly and annual basis.

Notes to the Financial Statements cont'd

Smith Graham & Co

Engagement and Service

Smith Graham provides investment management services on behalf of NSIA within the parameters of the investment guidelines that include a discretionary authority to make investments in the portfolio; investing in U.S treasury, agencies, commercial papers, money market funds. effective duration of the portfolio should not exceed 120 days; Insight into fixed income financial market conditions. Periodic reports communicated to the Authority include information on holdings, transactions, executive summary and economic outlook.

Income Research + Management (IR+M)

IR+M is a privately-owned, independent, fixed income investment management firm that provides investment management services to the Authority. Their investment philosophy and process are based on our belief that careful security selection and active risk management provide superior results over the long-term. They provide investment management services for investments in US fixed income securities in investment opportunities across the corporate, securitized, government, and municipal sectors.

35.2 Future Generations Fund

Hedge fund

The hedge fund managers in which the Future Generations Fund is invested as at year end are stated below:

1. JHL Capital Group LLP
2. Blue Mountain Capital Management
3. Arbiter Offshore Ltd
4. AQR Capital Management
5. The Canyon Value Realization Fund (Cayman) Ltd, CNPG
6. Palestra Capital
7. Brasidas Asia
8. Alpstone Global Macro Fund
9. Holocene Advisors Offshore Fund Ltd

Long Only Equity Managers

The long only equity managers in which the Future Generations Fund is invested as at year end are stated below:

1. Cevian Capital UK LLP
2. Edgbaston Investment Partners
3. Somerset Capital Management LLP
4. Marathon Asset Management LLP

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5. Goldman Sachs
6. Chieftain Capital
7. Prince Street Institutional Limited
8. Prince Street Opportunities Limited
9. Prince Street Offshore
10. RWC Emerging Markets Equity Fund

Private equity partners

The private equity fund in which the Future Generations Fund is invested as at year end are stated below:

1. Z Capital Partners
2. Healthcare Royalty Partners
3. FGF Xenon Private Equity
4. Helios Investment Partners
5. Africa Capital Alliance
6. Actis Capital
7. Abraaj Growth Markets Health Fund L.P
8. Akina Euro Choice
9. Reverence Capital Fund
10. Greenspring Secondaries Fund IV (Cayman) L.P
12. Xenon VII
13. G Squared IV SCSp
14. Petershill Private Equity Seeding Offshore SCSp

35.3 Nigeria Infrastructure Fund

Private equity partners

The private equity fund and investments in which the Infrastructure Fund invested as at year end is stated below:

1. Fund for Agricultural Finance in Nigeria (FAFIN)
2. Nigeria Infrastructure Debt Fund

35.4 Custodians

Engagement and Service

The Authority engaged JP Morgan Chase & Co (global custodian) and Stanbic IBTC Bank Limited (local custodian) to provide custody services, as well as accounting, performance and compliance services to capital managed by the Authority. The custodians provide reports to the Authority on the performance of the capital custodied by it on a monthly basis.

Reports on Investments

The investment management fees paid to the investment fund managers, global and local custodians has been disclosed on the income statement.

Notes to the Financial Statements cont'd

36. COMMITMENTS

a. Capital commitments

The Authority's unfunded commitments with private equity fund managers are as follows:

Capital commitments - US\$:

	Naira equivalent			
	Authority 31 December 2019	Authority 31 December 2018	Authority 31 December 2019	Authority 31 December 2018
	\$ '000	\$ '000	N '000	N '000
HealthCare Royalty Partners (HCRP)	24,890	8,018	8,089,250	2,605,850
Z Capital Partners	10,294	4,993	3,345,550	1,622,725
Capital Alliance Private Equity Fund "CAPE IV"	4,787	7,664	1,555,775	2,490,800
for Agricultural Finance in Nigeria (FAFIN)	4,501	4,859	1,462,955	1,579,175
Helios Investors	485	2,306	157,625	749,450
Abraaj Growth Markets Health Fund L.P	3,926	3,567	1,276,009	1,159,275
Actis Africa Real Estate	5,074	8,511	1,649,173	2,766,075
Total	53,957	39,918	17,536,337	12,973,350

Capital commitments - Euro:

	Authority 31 December 2019 Euro '000	Authority 31 December 2018 Euro '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Xenon Private Equity	2,834	2,935	1,053,426	1,029,481
Total	2,834	2,935	1,053,426	1,029,481
Total Authority's capital commitments			18,589,763	14,002,831

Other Group members unfunded commitments with private equity fund managers are as follows:

	31 December 2019 \$ '000	31 December 2018 \$ '000	31 December 2019 N '000	31 December 2018 N '000
RMB WestPort Real Estate Development Fund II LP	285	4,848	92,625	1,575,600
Synergy Private Equity Fund LP	5,770	146	1,875,250	47,450
Verod Capital	894	1,964	290,550	638,300
Falko Regional Aircraft Opportunities Fund	11,878	5,557	3,860,350	1,806,025
Reverence Capital Partners Opportunities Fund II, LP	13,787	-	4,480,775	-
Fortress Investment Fund IV, L.P.	133	133	43,225	43,225
Fortress Investment Fund V, L.P.	38	38	12,350	12,350
Fortress Investment Fund V Co-investment, L.P.	945	46	307,125	14,950
Whitehorse liquidity fund II	5,281	-	1,716,325	-
H.I.G. Bayside Opportunity Fund, L.P.	163	163	52,975	52,975
Marlin Equity, L.P.	281	287	91,325	93,275
Marlin Equity II, L.P.	600	635	195,000	206,375
OCM Opportunities Fund VIIb, L.P.	625	625	203,125	203,125
G Squared IV, SCSp	3,000	-	975,000	-
CardinalStone Capital Advisers Legacy Fund L.P	1,500	-	487,500	-
CardinalStone Capital Advisers Growth Fund L.P	4,916	-	1,597,700	-
Cerberus Institutional Partners, L.P. Series Four	1,148	1,148	373,100	373,100
Total	51,244	15,590	16,654,300	5,066,750

Notes to the Financial Statements cont'd

Euro:

	Authority 31 December 2019 Euro '000	Authority 31 December 2018 Euro '000	Authority 31 December 2019 N '000	Authority 31 December 2018 N '000
Euro Choice Secondary II, L.P.	11,800	-	4,386,178	-
Total	11,800	-	4,386,178	-
Total unfunded commitment to private equity fund			39,630,241	19,069,581

As disclosed above, the Group has committed to provide capital to various collective investment vehicles. The total of these commitments at the statement of financial position date is US\$105.2million/N32.4billion and Euro 14.6 million/N1.05billion (2018: US\$55.5million/N18billion and Euro 2.9million/N1.02billion). The Group's commitment obligations, being capital calls, are set out in the various underlying subscription documents. Whilst the actual timing of the capital calls to be made by the managers of these vehicles is uncertain, as it is dependent on the managers sourcing suitable investment opportunities, the Group has recorded the commitments as being current in accordance with the underlying legal documents. The Group has appropriate liquidity planning in place to ensure a suitable allocation of resources will be available to cover these future commitments of capital.

b. Operating Lease Commitments - Group Company as Lessee:

The Group leases its head office under non-cancellable operating lease agreements. The lease term is for 2 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. These lease payments are payments made in advance and thus no minimum lease payments are required to be shown.

37. OTHER FIDUCIARY ACTIVITIES

The Authority performs the following fiduciary activities:

- The Authority holds shares in Development Bank of Nigeria (DBN) in trust for the Federal Government of Nigeria (FGN). The shares are valued at N8 billion, which represents 20% of the shareholding of the DBN. The Ministry of Finance has mandated the Authority to guide DBN towards the achievement of its organizational goals. The Authority is expected to remit all dividends received from DBN within 30 days and obtain prior consent from the FGN before the disposal, transfer or otherwise change of ownership of the shares. There were no dividends paid by DBN in the current year (2018: nil).
- The Authority provides investment management and custody services to the Debt Management Office (DMO) which involve the Authority making allocation, purchase and sale decisions in relation to a wide range of financial instruments and investments. Those assets and income that are held in a fiduciary capacity are not included in these financial statements as they are not assets of the Authority. The fees and commissions which relates mainly to these investment management transactions and other fiduciary activity fees are recognized under other income in profit or loss as the related services being provided are performed.

The sums of USD\$200 million ("the Fund") were received from the Debt Management Office ("DMO") respectively under an Investment Management Agreement ("the Agreement"). NSIA acts as a manager of

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the Funds. The agreement provides for the Authority to invest the Funds in gas, power and other related projects. Consideration is payable to the Authority after certain milestones have been met and the customers' share of return has been paid. A total of USD\$100 million was withdrawn from the DMO fund in order to fund the Second Niger Bridge Project and Lagos/Ibadan expressway project on the authority of the Federal Government.

The fair value of the Managed Funds as at 31 December 2019 stood at USD124.03 for DMO (2018: \$122.60 million for DMO) while nil income has been accrued by the Authority from the fiduciary agreement activities as of 31 December 2019.

- c. A total sum of N29.641 billion have been received from the Federal Government Stabilization Account via the Office of the Accountant General of the Federation ("OAGF"). NSIA is to act as a manager to the fund with a mandate to invest the funds in line with the investment policies of the Stabilization Fund of the Authority. The fair value of the Fund as at 31 December 2019 was N33.365 billion (2018: N20.814 billion). The assets and liabilities of the Funds have been excluded from these financial statements as they are not assets and liabilities of the Authority.
- d. In 2018, the President of the Federal Republic of Nigeria, President Muhammadu Buhari approved the establishment of a Presidential Infrastructure Development Fund (PIDF), which is to be managed by the Nigeria Sovereign Investment Authority (NSIA), and invested specifically in critical road and power projects across the country. The National Economic Council (NEC) authorized the initial transfer of \$650 million dollars to the NSIA from the Nigeria Liquefied Natural Gas (NLNG) Dividend Account, as seed funding for PIDF on May 17, 2018. A subsequent funding of N90 billion was received from the Office of the Accountant General of the Federation ("OAGF") on 30 September, 2019.

This initiative aims to eliminate the risks of project funding, cost variation and completion that have plagued the development of the nation's critical infrastructure assets — such as the 2nd Niger Bridge, Lagos to Ibadan Expressway, East—West Road, Abuja to Kano Road, Mambilla Hydroelectric Power — over the last few decades. This fund is currently being managed by the Authority. There was no income earned on the management of the funds during the financial year.

Terms of agreement

The Authority acting as a manager of PIDF:

- i. has complete discretion to deploy prudent fund/ cash management strategies in relation to the fund;
- ii. may not, without prior written consent of the FGN, borrow on FGN's behalf in relation to the PIDF projects;
- iii. will receive the sum of 0.25% of the fund annually as management fee and deduct fund management expenses from the fund;
- iv. will retain tax exempt status and as such, no taxes may be applied to any fees due and payable to the NSIA;
- v. shall not except in case of fraud or gross negligence, be held liable for failure of PIDF to meets its objectives;
- vi. will be indemnified by FGN in respect of all losses, liabilities, damages and claims and costs; and
- vii. will provide promptly to the FGN detailed information and reports in relation to the PIDF projects.

Notes to the Financial Statements cont'd

- e. The executed Investment Management Agreement (IMA) dated 27th May 2019 between the Authority and the Government of the Federal Republic of Nigeria gives the NSIA the right of option to call for the conversion of the Fund Management Account as additional capital contribution to the Authority by the Federal Government of Nigeria (FGN). However, this is optional and this is subject to the delivery of the written notice to the Federal Government of Nigeria by the Authority". This clause has nil financial implication for the Authority and does not affect its assets nor liabilities as at 31 December 2019.

38. EVENTS AFTER THE REPORTING PERIOD

- a. On the 8th of April 2020, the Federal Government of Nigeria announced plans to make its first withdrawal from the Stabilization fund. The funds drawn will be utilized for augmenting the Government's Federation Account and Allocation Committee (FAAC) disbursement by June 2020 for allocation to Federal, State and Local Government. The Nigeria Sovereign Investment Authority's Establishment etc. Act 2011 under Sections 47 & 48 supports withdrawal from the Stabilization Fund and stipulates the applicable process.
- b. The Authority received the sum of \$250 million as additional capital contribution on the 8th of April 2020. This amount forms part of the entity's core capital from the Federation and is to be allocated to the three ring fenced funds in line with the approved sharing formula.
- c. The Honorable Minister of Finance announced on April 6, 2020 that His Excellency, President Buhari has revised the prices of fertilizer in order to provide relief to farmers on account of the COVID-19 pandemic. The price of fertilizer was reduced to N4,500 from N5,000 at the factory gate, while the market price to end users is now N5,000 from N5,500.
- d. The Authority received the sum of N8 billion on the 24th of April 2020 as subsidy payment on the Presidential fertilizer initiative program being undertaken by the Group's subsidiary (NAIC-NPK Limited), the sum of N3,553,734,702 being the financial loss incurred for the 2019 financial year been applied as Other income in the 2019 accounts in line with the submissions made to the Federal Ministry of Finance.
- e. On the 3rd of February 2020, the Federal Government of Nigeria (FGN) and the Bailiwick of Jersey and the Government of the United States of America entered into an agreement with respect to the sharing, transfer, repatriation, disposition and management of certain forfeited assets. On April 20 2020, The United States Department of Justice initiated a transfer of the balance of the recovered assets in the sum of \$311,704,537.92 to the Federal Republic of Nigeria. The receipt of these funds was confirmed by the Central Bank of Nigeria on April 21 2020. The Nigeria Sovereign Investment Authority has been assigned as the Implementing Authority of the Agreement for the Government of Nigeria and is to receive the funds on behalf of the Federal Government of Nigeria. The funds are assigned for the implementation of 3 specific projects under the Presidential Infrastructure Development Fund in Nigeria.

COVID 19 additional disclosures

Subsequent to December 2019 the World Health Organization declared the COVID-19 outbreak as a pandemic which resulted in unprecedented effects on the global and international markets with resulting impact on portfolio performance in asset classes including; Equities (Developed and Emerging), Hedge funds and Private Equities.

The Authority in line with its mandate is invested in these categories of assets predominantly within the Future Generations Fund (FGF). The pandemic has caused significant decline in market performance

Notes to the Financial Statements cont'd

starting from February 2020 which worsened over the first quarter of 2020. Nevertheless, there have been some recoveries in April 2020. Whilst this crisis is expected to lead to a decline in growth projections for 2020, we are however unable to reliably estimate the actual impact on the Group's financial performance by end of 2020.

We have undertaken a series of stress tests and obtained secondary reliable information from our Investment Advisers and can generally ascertain the following:

- i. Early effect of market volatility in Covid 19 resulted in a materially negative impact on our portfolio performance with a decline in market performance across all asset classes ranging from an average of -15% in Hedge funds to -30% in equities.
- ii. Whilst the markets are expected to remain volatile over the course of the year there is anticipation of marginal recovery and return improvement in Q3 and Q4 2020 translating to lower drawdown rates (ranging from -15% to -18%) and possibly flat performance across asset classes by year end.
- iii. With the expected recovery trend, the Authority expects to preserve its invested capital in the year as it continues to take a calculated approach in asset management and capital deployment

Furthermore, to assess the full range of potential negative impact of the pandemic on global markets and our portfolio, we further stressed the above marginal recovery scenario with two additional scenarios and note that:

- a. If current levels in relation to Q1 2020 are maintained through to year end, we expect the portfolio underperformance to range between -12% for Hedge funds and -28% in equities.
- b. If further losses are sustained (we project a possibility of average 30% draw down across asset categories in a worst case covid-19 impact scenario).

We have taken proactive steps by implementing a strategic cost reduction initiative in the year to further help mitigate the impact of expected reduction in income and earnings. Additionally, cash management strategies which are already in place will cushion the effect of the downturn in the market.

The Authority continues to have certainty regarding its going concern as it relates to its capital and cashflows having received an additional contribution of \$250 million from 2019 National Executive Council (NEC) approved funding on the 8th of April 2020.

Other National Disclosures

Value-added Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

	Group 31 December 2019 N '000		Group 31 December 2018 N '000		Authority 31 December 2019 N '000		Authority 31 December 2018 N '000	
		%		%		%		%
Revenue	70,875,962		73,524,334		38,797,715		45,482,083	
Administrative expenses (Local and foreign)	(44,896,048)		(39,173,279)		(5,684,291)		(4,471,004)	
Other non-operating income (Local and foreign)	8,487,850		11,614,558		946,600		1,025,390	
Value added	34,467,764	100%	45,965,613	100%	34,060,024	100%	42,036,469	100%

Applied as follows:

To pay employees

Salaries and other personnel cost	1,869,840	5%	1,927,726	4%	1,816,928	5%	1,927,727	5%
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Maintenance of assets

Depreciation and amortization	172,541	1%	57,881	0%	161,501	1%	55,185	0%
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To pay government

Taxation	202,364	1%	219,461	%	-	0%	-	0%
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Retained for growth and expansion

Profit for the year	32,223,019	93%	43,760,545	95%	32,081,595	94%	40,053,557	95%
	34,467,764	100%	45,965,613	100%	34,060,024	100%	42,036,469	100%

Value added is the wealth created by the efforts of the Authority and its employees and its allocation between employees, shareholders, government and re-investment for the future creation of further wealth.

Five Year Financial Summary - Authority

FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF FINANCIAL POSITION

	31 December 2019 N '000	31 December 2018 N '000	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000
Asset					
Cash and cash equivalents	185,736,007	61,777,335	8,545,297	141,076,852	32,913,468
Investment securities	324,361,629	441,635,909	404,313,672	234,132,773	154,152,447
Restricted balances and other assets	75,878,818	36,082,678	72,310,092	7,355,693	3,844,603
Investment in subsidiary	1,753,398	5,116,826	16,085,655	7,096,155	7,066,155
Investment in associate and joint ventures	10,614,990	10,614,990	1,600,490	1,600,000	1,600,000
Right of use asset	43,488	-	-	-	-
Property and equipment	370,522	272,950	48,503	66,304	104,603
Intangible assets	100,235	12,893	63	621	5,739
Total assets	598,859,087	555,513,581	502,903,772	391,328,398	199,687,015
Liabilities					
Other liabilities	27,015,570	18,915,515	7,884,464	3,718,488	4,102,341
Total liabilities	27,015,570	18,915,515	7,884,464	3,718,488	4,102,341
Equity and reserves					
Contribution by Government	280,662,500	280,662,500	280,662,500	204,375,000	155,250,000
Retained earning	287,750,520	253,690,496	170,859,498	147,172,616	17,738,425
Fair value reserves	3,430,497	2,245,070	43,497,310	36,062,294	22,596,249
Total equity and amount attributable to equity contributors (Government)	571,843,517	536,598,066	495,019,308	387,609,910	195,584,674
Total equity	571,843,517	536,598,066	495,019,308	387,609,910	195,584,674
Total equity and liabilities	598,859,087	555,513,581	502,903,772	391,328,398	199,687,015

STATEMENT OF COMPREHENSIVE INCOME

	31 December 2019 N '000	31 December 2018 N '000	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000
Investment and Interest income	26,628,207	24,899,792	21,701,131	11,151,243	5,811,617
Interest income on instrument measured at FVTPL	7,284,630	796,525	-	-	-
Net gain on financial assets	3,595,984	884,039	4,153,564	27,747,126	-
Net foreign exchange gains	1,288,894	18,901,727	1,703,128	92,796,051	8,732,124
Total operating income	38,797,715	45,482,083	27,557,823	131,694,420	14,543,741
Investment management fees	(745,501)	(731,478)	(654,562)	(564,855)	(492,781)
Local custodian fees	(19,181)	(45,613)	(6,494)	(20,535)	(12,251)
Foreign custodian fees	(177,611)	(89,629)	(47,755)	(96,811)	(91,627)
Total investment management & custodian fees	(942,293)	(866,720)	(708,811)	(682,201)	(596,659)
Impairment charges on financial assets	(965,076)	(321,761)	-	-	-
Total operating profit	36,890,346	44,293,602	26,849,012	131,012,219	13,947,082
Other income	946,600	1,025,390	7,960	663,877	38,400
Total other income	946,600	1,025,390	7,960	663,877	38,400
Operating and administrative expenses	(3,769,396)	(3,282,523)	(3,170,090)	(2,241,905)	(1,779,601)
Total operating and administrative expenses	(3,769,396)	(3,282,523)	(3,170,090)	(2,241,905)	(1,779,601)
Interest expense	(7,526)	-	-	-	-
Profit before tax	34,060,024	42,036,469	23,686,882	129,434,191	12,205,881
Profit for the year	34,060,024	42,036,469	23,686,882	129,434,191	12,205,881

Five Year Financial Summary - Authority cont'd

FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF COMPREHENSIVE INCOME

	Authority	Authority	Authority	Authority	Authority
	31 December	31 December	31 December	31 December	31 December
	2019	2018	2017	2016	2015
	N '000	N '000	N '000	N '000	N '000
Other comprehensive income:					
Items that may be subsequently reclassified to profit and loss					
Movement in fair value reserves					
Net change in fair value	1,185,427	(208,616)	7,435,016	25,825,522	13,738,357
Net amount transferred to profit or loss/retained earnings	-	-	-	(12,359,477)	-
Other comprehensive income for the year	35,245,451	(208,616)	7,435,016	13,466,045	13,738,357
Total comprehensive income for the year	35,245,451	41,827,853	31,121,898	142,900,236	25,944,238

Five Year Financial Summary - Group

FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF FINANCIAL POSITION

	31 December 2019 N '000	31 December 2018 N '000	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000
Asset					
Cash and cash equivalents	216,047,631	73,844,290	22,336,959	148,267,906	37,983,532
Investment securities	360,087,275	461,391,586	429,852,525	249,822,688	164,382,547
Restricted balances and other assets	51,019,551	46,499,369	49,134,358	4,698,044	1,472,508
Inventories	4,615,646	20,685,075	13,797,596	-	-
Investment in associate and joint ventures	15,226,911	13,647,879	2,453,380	1,957,853	2,129,600
Right of use asset	249,905	-	-	-	-
Property and equipment	2,498,894	1,617,016	16,306,560	16,187,064	7,700,860
Intangible assets	100,235	12,893	1,201	621	5,739
Total assets	649,846,048	617,698,108	533,882,579	420,934,176	213,674,786
Liabilities					
Other liabilities	47,177,240	48,258,049	29,285,925	24,089,561	15,788,509
Borrowings	23,133,382	26,052,673	3,534,631	-	-
Total liabilities	70,310,622	74,310,722	32,820,556	24,089,561	15,788,509
Equity and reserves					
Contribution by Government	280,662,500	280,662,500	280,662,500	204,375,000	155,250,000
Retained earning	291,026,827	256,550,342	170,402,086	147,845,348	17,466,251
Fair value reserves	3,941,139	1,786,620	43,190,981	36,661,142	23,513,074
Currency translation reserves	3,907,858	4,382,101	6,801,726	7,958,502	1,653,739
Total equity and amount attributable to equity contributors (Government)	579,538,324	543,381,563	501,057,293	396,839,992	197,883,064
Non-controlling interests	(2,898)	5,823	4,730	4,623	3,213
Total equity	579,535,426	543,387,386	501,062,023	396,844,615	197,886,277
Total equity and liabilities	649,846,048	617,698,108	533,882,579	420,934,176	213,674,786

STATEMENT OF COMPREHENSIVE INCOME


	31 December 2019 N '000	31 December 2018 N '000	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000
Investment and Interest income	27,504,262	27,026,428	24,370,719	11,895,128	5,821,745
Interest income on instrument measured at FVPL	7,284,630	796,525	-	-	-
Net gain on financial assets	2,831,932	245,960	4,153,564	27,747,126	-
Net foreign exchange gains	1,289,159	18,052,191	1,652,172	92,796,051	8,736,293
Total operating income	38,909,983	46,121,104	30,176,455	132,438,305	14,558,038
Investment management fees	(1,228,662)	(887,151)	(654,562)	(564,855)	(492,781)
Local custodian fees	(19,711)	(45,613)	(6,765)	(20,535)	(12,251)
Foreign custodian fees	(181,155)	(89,629)	(47,755)	(96,811)	(91,627)
Total investment management & custodian fees	(1,429,528)	(1,022,393)	(709,082)	(682,201)	(596,659)
Impairment charges on financial assets	1,208,237	(943,923)	-	-	-
Total operating profit	38,688,692	44,154,788	29,467,373	131,756,104	13,961,379
Revenue from infrastructure subsidiaries investments	31,965,979	27,403,230	31,367,992	-	-
Expense from infrastructure subsidiaries investments	(35,662,535)	(30,608,117)	(33,514,157)	-	-
Loss from infrastructure subsidiaries investments	(3,696,556)	(3,204,887)	(2,146,165)	-	-
Other income	7,123,910	11,405,258	7,960	666,107	38,400
Total other income	7,123,910	11,405,258	7,960	666,107	38,400
Operating and administrative expenses	(4,263,302)	(3,762,225)	(4,719,621)	(2,332,541)	(2,333,619)
Total operating and administrative expenses	(4,263,302)	(3,762,225)	(4,719,621)	(2,332,541)	(2,333,619)
Interest expense	(4,546,556)	(2,617,160)	(85,223)	-	-
Share of profit of investments in associates	1,363,940	209,300	434,988	289,755	124,914
Profit before tax	34,670,128	46,185,074	22,959,312	130,379,425	11,791,074
Taxation	(202,364)	(219,461)	(402,038)	(132)	(15,496)
Profit for the year from continuing operations	34,467,764	45,965,613	22,557,274	130,379,293	11,775,578
Profit from discontinued operations	-	538,816	-	-	-
Profit for the year	34,467,764	46,504,429	22,557,274	130,379,293	11,775,578

Five Year Financial Summary - Group cont'd

FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF COMPREHENSIVE INCOME

	31 December 2019 N '000	31 December 2018 N '000	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000
Other comprehensive income:					
Items that may be subsequently reclassified to profit and loss					
Movement in fair value reserves					
Net change in fair value	1,185,427	191,299	6,469,348	25,968,800	12,654,237
Share of other comprehensive income of investments in associate	215,092	59,960	(1,156,763)	(461,502)	388,322
Net amount transferred to profit or loss/retained earnings	-	-	-	(12,359,477)	-
Currency translation differences	(474,243)	(2,418,579)	60,049	6,306,224	1,537,219
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	754,000	(299,000)	-	-	-
Other comprehensive income for the year	1,680,276	(2,466,320)	5,372,634	19,454,045	14,579,778
Total comprehensive income for the year	36,148,040	44,337,108	27,929,908	149,833,338	26,355,356



Nigeria Sovereign Investment Authority
The Clan Place
4th Floor, Plot 1386A Tigris Crescent
Maitama, Abuja, Nigeria
www.nsia.com.ng